The Bankers' magazine, and statistical register

THE

BANKER'S MAGAZINE

AND

Statistical Register.

"*No expectation of forbearance or indulgence should be encouraged. Favor and benevolence are not the attributes of good banking. Strict justice and the rigid performance of contracts are its proper foundation.*"

"*The revenue of the State is* THE STATE; *in effect, all depends upon it, whether for support or for reformation.*"

"*Rightfully considered, no principle is more conservative than that which identifies the laborer with the capitalist.*"

VOLUME THIRTY-SECOND,

OR,

VOLUME ~~TWELFTH~~ OF THE THIRD SERIES.

FROM JULY, 1877 TO JUNE, 1878, INCLUSIVE.

EDITED BY BENJAMIN HOMANS.

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1877–1878.

GENERAL INDEX

TO THE

THIRTY-SECOND VOLUME (OR TWELFTH VOLUME, THIRD SERIES)

OF THE

BANKER'S MAGAZINE AND STATISTICAL REGISTER

FROM

JULY, 1877, TO JUNE, 1878, BOTH INCLUSIVE.

Complete copies of the present volume can be supplied by the publisher. Price, in numbers, $5; or, substantially bound, $6.50. Separate numbers, fifty cents each.

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The value of this work as a Record of Financial Events and as a Manual of Information is greatly enhanced *when bound for reference. It furnishes the only complete epitome, in a convenient and accessible form, of the financial history of the country for the past thirty-two years.*

ERRATA.

Page 256—The Average Deposits of Massachusetts Savings Banks, should read $223,895,737, and the total, $414,495,892.

Page 703—Third paragraph from foot should read, "India took about *thirty-five* millions," instead of "fifty millions," etc.

Page 764—In table of "Aggregate of Property," a *cipher* is omitted throughout first column, which should read as follows:

Aggregate of Property.

1875	$42,500,000,000
1865	30,500,000,000
Total increase in ten years	$12,500,000,000

Page 906—"The use of Bank funds for Charitable objects," see correction on page 985.

LEGAL MISCELLANY.

Decisions reported in the BANKER'S MAGAZINE, for the year ending June, 1878.

LIST OF CASES

Of which the Decisions are reported in the BANKER'S MAGAZINE, *and* STATISTICAL REGISTER, *Volume XXXII.*

THE

BANKER'S MAGAZINE,

AND

Statistical Register.

VOLUME XII, THIRD SERIES. JULY, 1877. No. 1.

THE PROSPECTS OF THE NEW LOAN.

We have often demonstrated the possibility and the expediency of making a successful effort to fund our public debt at four per cent. From the easy condition of the money markets here and in Europe it might seem as if the new loan, the prospectus of which we publish on page 72, would command large subscriptions, and would become extremely popular. On this and other accounts the small amount which the Syndicate have agreed to purchase "firm" has struck many persons with surprise. It will be seen that the contract between the Syndicate and the Treasury is to run for six months, so that it will expire November 9th. During that period they have agreed to take twenty-five millions of the four per cents, with the option of calling for any larger sum which they may be able to dispose of. As we have now outstanding 894 millions of six per cents; of which over seven hundred millions are redeemable at the pleasure of the Treasury, and might therefore be at once exchanged for four per cents, if such bonds could be negotiated, it has been thought strange and unpromising that at the outset the Syndicate have no more confidence, and could be induced to buy no larger a sum. The suggestion has been made that the Secretary of the Treasury ought not to have conceded to the Syndicate the privileges which he has given them for six months in connection with the new four per cents, unless they had been willing to take a larger risk, and to purchase a hundred millions at least of the new bonds.

Without assenting to all that has been said on this subject,

we certainly concur in the opinion that the Syndicate have made a safe and perhaps a lucrative bargain with the Treasury. Their contract, as it stands, gives them the right to take at par in gold twenty-five millions of four per cents, and an equal sum of the four and a half per cents, the price for both descriptions of bonds being the same, and being subject to an allowance of nearly one-half per cent. commission. Still it must be remembered that the public subscription under the recent prospectus, for which the Secretary of the Treasury stipulated, may amount to a large sum; and if the Syndicate should find themselves able to dispose of one hundred millions more of the new fours during the six months to which their contract extends, there is nothing in that contract to prevent; for their option allows them the privilege of that sum or any larger or smaller aggregate which they may be able to sell in this country or abroad.

Although the time is now so near for the closing of the subscriptions, very little is known as to the probabilities of success. Still whatever be the result, it is generally acknowledged that we have reached the period in our financial history when it may safely be affirmed that we shall issue no more bonds at a greater rate than four per cent. Indeed Mr. Sherman has been blamed in some quarters for not stopping the issue of the four and half per cents at an earlier time. Inasmuch then as there is now a certainty that the issue of these bonds has reached its limit, the fact ought to be favorable to the new loan, and should operate as an incentive to the public subscriptions. Whether this will really be the result has been in many quarters questioned. One of the reasons urged against it is that the Syndicate do not in the present prospectus offer to the public any coupon four per cents except those of fifty and one hundred dollars. Hence it is inferred that while any private investor who desires coupon bonds of these small amounts can easily obtain them by subscribing, he will not be equally successful if he should desire to subscribe for coupon bonds of the ordinary current denominations of $500, $1,000, $5,000, or $10,000. Certainly he is not invited by the prospectus to subscribe for these large bonds, and although the restriction has been pointed out and its evils complained of, no change has been announced in the terms of the subscription. Registered bonds of these useful denominations are freely offered to the public, but they are not likely to be in demand by the mass of our private investors, who usually prefer coupon bonds. If Mr. Secretary Sherman desires to do a popular act, and to open as wide as possible the doors of the new loan for the subscriptions of private investors, he will lose no time in insisting that the Syndicate should make the necessary modification in the terms of subscription. The National banks will, it is true, be the largest subscribers, and the terms of sub-

scription have evidently been adjusted to meet their convenience. But the wants of private capitalists in the United States are in the present case worth considering, and as there is so much idle capital in the loan market, we may reasonably anticipate that the subscriptions will be large from private investors, if they are not repelled by injudicious restrictions in the terms of subscription. Whatever may be the result of the present loan, however, it is certain that the time has come in which a vigorous effort must be made for the revival of the long dormant scheme of funding the whole of our public debt into four per cent. consolidated bonds. Two specific reasons may be assigned why this loan ought to be successful. First, it consists of bonds having a longer time to run than those which have previously been offered to the public; and secondly, the proceeds of the popular subscriptions are to be made use of in aid of the preliminary movements of the country towards the resumption of specie payments.

We have said that no further loans are likely to be offered by our Government above four per cent. Indeed, there are some economists who think that the rate of interest on future loans negotiated by us at par may even recede below four per cent. Among the neglected but practically important questions of the day, one of the most interesting, is the tendency of the rates of interest to sink below the average to which for many years past the commercial world has been habituated. Since the gold discoveries of 1848, and the widespread impulse which they gave to the productive powers of the world, the accumulation of floating capital has gone on with immense speed. Rapid, however, as has been the growth of capital the avenues for its employment have multiplied with a power of expansion equally great, and it was not until the panic of 1873 that this amazing extension of the movements of capital and of industry was arrested. The shock of the revulsion of 1873 had a two-fold effect. It stopped the rapid growth of the productive forces which had been accelerating during the previous twenty-five years. And it closed up many of the avenues in which floating capital had previously found remunerative employment. Hence the existing plethora in the money markets of Europe and of this country is not caused so much by the fact that capital is increasing with any special or dangerous rapidity. It rather has its origin in past accumulations of capital, which are unable to find present employment, because the currents of business are narrowed and partially stopped up. The financial situation may be illustrated by the hydraulic apparatus used in distributing water to a large city. Such a system, if it is to work well, must have a supply of equal volume with the demand. If the distributing system of pipes should suddenly be enlarged, the reservoirs and their supplies must be also augmented or trouble will result;

similarly, if the distributing channels should be diminished, evil and mischief will come, unless the supply in the reservoirs be also contracted. In our money market at present the evil is of the latter sort. The reservoirs of the money market are full to overflowing with idle capital, while the distributing apparatus through which that capital passes from the lender to the borrower is narrowed, blocked up or contracted, so that it carries off only a portion of the supplies of capital which are seeking investment.

We must appreciate these and similar facts if we would understand the reasons for the present low rates of interest, or if we would ascertain whether the low rates are likely to continue for any considerable time to come. As to the inference which has been deduced that hereafter capital will have to be content for a long period of years with much lower rates of interest than it has heretofore earned, it would perhaps be premature at present to attempt to determine with precision. In the first place, the rates of interest current in the financial world have not been generally so high as has been sometimes supposed. To illustrate this, we might cite the current rates of interest in our own country or upon the continent of Europe, but for obvious reasons we shall prefer, for the purpose in hand, the rates of interest current in the more steady money market of Great Britain. The subjoined table shows the variations in the rates of the Bank of England since the gold discoveries and for a few years previously.

RATES OF DISCOUNT OF THE BANK OF ENGLAND, 1840 TO 1876.

	Highest per cent.	*Lowest rate p.c.*	*Average for 12 mos.*	*Changes in the year.*		*Highest per cent.*	*Lowest rate p.c.*	*Average for 12 mos.*	*Changes in the year.*
1840	5	5	5	None.	1859	4	2½	2¾	Four.
1841	5	5	5	None.	1860	5	2¾	4¼	Five.
1842	5	4	4¼	Three.	1861	7½	3	5¼	Eight.
1843	4	4	4	Nine.	1862	3	2	2½	Five.
1844	4	2½	3½	One.	1863	7½	3½	4½	Seven.
1845	3½	2½	2¾	Two.	1864	9	6	7½	Nine.
1846	3½	3	3¼	One.	1865	7	3¼	4¾	Eight.
1847	7¾	3½	5¼	Seven.	1866	10	3¾	7	Ten.
1848	5	3	3¾	Four.	1867	3½	2	2½	Three.
1849		2½	3	Two	1868	3	2	2¼	Two.
1850	2½	2½	2½	None.	1869	4½	2½	3¼	Seven.
1851	3	3	3	None.	1870	5	2½	3⅛	Four.
1852	2½	2	2 1-12	Two.	1871	4½	2	2⅞	Ten.
1853	5	2¾	3½	Four.	1872	6⅝	3	4⅛	Nine.
1854	5½	5	5	Three.	1873	8⅛	3¼	4¾	Nine.
1855	6	3½	4¾	Six.	1874	6	2¾	3¾	Nine.
1856	6¾	4½	5¾	Five.	1875	4½	2	3¼	Eight.
1857	9¾	5½	6¾	Seven.	1876	5	2	2¾	Four.
1858	5	2½	3¼	Two.					

It might be contended that the rates set down above have been modified by temporary causes, and especially by the panics of 1847, 1857, and 1866. Waiving this objection, how-

ever, we see that the average rates of interest excepting in the panic years, have been very low and tolerably uniform. In fact what we commonly call the rate of interest really includes two different funds, one of which is an insurance fund to provide against the danger of loss, and the other is the interest, properly so called, or the amount of remuneration which the owner of the capital has a right to receive for its use. Half a century ago when the accumulation of floating capital was comparatively small in the financial centres of the commercial world, it was believed that capital ought to earn from three to five per cent. a year as the fair remuneration to its owners for lending it on undoubted security. Of late years, capitalists have been able to secure larger returns and the question that has been raised is what portion of these returns must be considered as insurance money to cover the risks incident to the loan. This question is susceptible of a much more broad and intelligent discussion than it has ever yet received, and its importance will no doubt lead competent authorities to give it a somewhat elaborate and complete investigation, especially in its relations to the new Syndicate loan, and to the prospects of the early absorption of our Four Per Cent. Consols, in this country or in Europe.

THE SEPTEMBER CONVENTION OF THE BANKS.

Next September the annual meeting of the American Bankers' Association is to be held, and on several accounts it is to be expected that a large proportion of our six thousand banks will be represented at this general Convention. One of the prominent topics of discussion will, of course, be the extremely important one of the pressure of bank taxation; and the Convention will no doubt take vigorous measures to secure the removal of the more mischievous of these fiscal burdens at the next session of Congress. Moreover, as several addresses are to be delivered by men of national reputation, it is very likely that the subjects discussed will take a wide range. It might be of advantage to the general interests of the banks if, in the distribution of the various topics to each speaker, the committee would give some prominence to a practical view of the characteristics of our banking system as compared with those of other countries. As there will probably be next autumn a considerable number of foreign bankers, merchants and statesmen visiting this country, it will be easy for the American Bankers' Association if they desire it, to obtain sufficiently full information from authentic sources, and to make this part of its discussions extremely suggestive and useful. Of course an account of

the Swiss, Belgian, Italian, French, the German and the other systems of banking on the Continent of Europe, can be with much advantage made to enter into the programme of the Convention, but most probably the evidence in regard to the recent banking history of Great Britain will be more prominent as well as more voluminous and more easy of access. The important relations of our banks to the silver question and to the resumption of specie payments render it certain that some conspicuous place in the proceedings of the Convention will be assigned to those subjects.

THE OWNERS OF BANK SHARES.

The efforts making for the repeal of bank taxation have stirred up an important controversy as to the ownership of bank stocks. Some of the members of our State and National Legislatures have said that the banks were owned by large capitalists; and that the tax on the banking business if it pressed too heavily, was paid by men who could well afford it; so that these imposts were really taxes upon rich capitalists, who ought not to complain if they were called upon in these times of depression to pay something more than their equitable share of the fiscal burdens of the country. We have frequently exposed and refuted this error. When a bank is first established, the subscriptions to its stock are usually made up by a comparatively small number of persons. But if the bank prospers, its shares in process of time pass by purchase or inheritance into new hands. Thus a large portion of the stock of many of our city banks has been distributed among a multitude of persons, so that its owners are very numerous and often very needy. The American Bankers' Association in its published report of the proceedings before the Committee of Ways and Means, February 7th, 1877, presented this matter in a very striking light. Mr. Coe, President of the American Exchange National Bank of New York, and a member of the deputation, stated to the Committee in regard to our city banks, that "their stockholders consist largely of women and dependent persons." He added that "the average amount owned by each stockholder is $2,000. The stockholders of these banks are not a body of capitalists, bloated stockholders, or any other odious term. They are mostly people in moderate circumstances, who have savings in the bank to the average amount of $2,000, and these people cannot live in this exhausted state of things unless they get something out of their stock. They appeal to us with agony and tears, 'Give us a dividend. Draw it from your resources. The reserves were made for dividends!' And so we by necessity respond, 'We must do

it;' and we have done it. I say that our institution did not earn the dividends which they have declared, but they paid them out of the reserves, because they could not help responding to the agonies of the stockholders and to the necessities of the case."

In confirmation of this statement, the New York *Tribune* has published the subjoined tables, exhibiting the facts as to the ownership of the shares of the forty-seven National banks of this city:

			No. of shares held by—		
	Capital.	*Par value of Shares.*	*President.*	*Vice-President.*	*Cashier.*
First National	$500,000	$100	950	10	2,370
Second National	300,000	100	200	100	None
Third National	1,000,000	100	5,915	40	None
Fourth National	5,000,000	100	198	184	None
Fifth National	150,000	100	260	—	10
Sixth National	200,000	100	827	50	None
Ninth National	1,500,000	100	1,532	—	25
Tenth National	500,000	100	112	705	12
American Exchange	5,000,000	100	50	—	41
Bank of Commerce	10,000,000	100	2,600	500	663
Bank of New York	3,000,000	100	10	10	11
Bank State of New York	800,000	100	198	12	6
Bank of the Republic	2,000,000	100	38	75	40
Bowery	250,000	100	284	—	30
Broadway	1,000,000	25	5,373	700	132
Butchers and Drovers'	500,000	25	1,066	—	47
Central	2,000,000	100	84	113	15
Chatham	450,000	25	323	—	100
Chemical	300,000	100	133	—	11
Citizens'	600,000	25	400	—	50
City	1,000,000	100	2,614	—	None
Continental	1,500,000	100	300	50	None
East River	350,000	25	1,146	—	None
Fulton	600,000	30	1,000	—	None
Gallatin	1,500,000	50	426	100	None
Hanover	1,000,000	100	616	—	278
Importers and Traders'	1,500,000	100	850	500	300
Irving	500,000	50	260	262	100
Leather Manufacturers'	600,000	100	63	—	40
Market	1,000,000	100	20	—	10
Marine	400,000	100	226	—	3
Mechanics'	2,000,000	25	138	—	None
Mechanics' Bank'g Associat'n.	500,000	50	63	—	26
Mechanics and Traders'	600,000	25	113	—	None
Mercantile	1,000,000	100	100	—	None
Merchants'	3,000,000	50	80	150	70
Merchants' Exchange	1,000,000	50	400	100	16
Metropolitan	4,000,000	100	225	—	300
New York County	200,000	100	1,082	—	None
New York National Exchange.	500,000	100	180	150	65
Park	2,000,000	100	10	—	None
Phenix	1,800,000	20	166	47	27
St. Nicholas	1,000,000	100	34	—	None
Seventh Ward	300,000	100	33	—	None
Shoe and Leather	1,000,000	100	1,024	110	None
Tradesmen's	1,000,000	40	425	—	667
Union	1,500,000	50	330	1,130	200
Total	$66,400,000		32,487	5,098	5,665

	No. Shares held by other Directors.	No. Shares held by the public.	Total No. share-holders.	No. public share-holders.
First National	1,050	620	24	17
Second National	1,810	890	27	19
Third National	1,557	2,488	50	43
Fourth National	819	48,799	1,309	1,300
Fifth National	500	730	35	26
Sixth National	125	998	34	30
Ninth National	1,734	11,709	481	472
Tenth National	1,535	2,636	87	81
American Exchange	905	49,004	1,387	1,377
Bank of Commerce	3,154	93,083	2,082	2,068
Bank of New York	1,022	28,947	638	625
Bank State of New York	1,066	6,718	620	607
Bank of the Republic	923	18,924	470	458
Bowery	1,089	1,097	60	45
Broadway	6,818	26,917	295	278
Butchers & Drovers'	1,758	17,129	274	263
Central	2,946	16,842	703	692
Chatham	1,882	15,695	255	242
Chemical	113	2,743	72	67
Citizens'	1,748	21,802	230	218
City	892	6,494	258	40
Continental	2,456	12,194	555	540
East River	1,733	11.121	141	128
Fulton	1,074	17,926	257	250
Gallatin	447	29,027	377	369
Hanover	380	8,726	385	372
Importers & Traders'	1,531	11,819	469	454
Irving	1,015	8,363	186	176
Leather Manufacturers'	1,245	4,652	216	207
Market	773	9,197	375	360
Marine	365	3,406	274	259
Mechanics'	5,448	74,414	741	728
Mechanic's Banking Association	1,146	8,765	220	211
Mechanics' & Traders'	3,358	20,529	174	162
Mercantile	923	8,977	128	120
Merchants'	537	59,163	763	752
Merchants' Exchange	987	18,497	481	469
Metropolitan	739	38,736	1,182	1,172
New York County	143	775	42	37
New York National Exchange	144	4,461	135	126
Park	1,121	18,869	759	744
Phenix	899	88,861	630	617
St. Nicholas	568	9,398	298	290
Seventh Ward	849	2,198	101	89
Shoe & Leather	374	8,492	447	435
Tradesmen's	724	23,144	281	274
Union	2,485	25,855	477	467
Total	64,970	901,780	19,485	18,985

It is an interesting fact pointed out by the *Tribune* that even the Presidents of many of the most prominent banks are not large stockholders of the banks over which they preside, two of them holding each only $1,000 par value, and twelve of them holding only $5,000 or less par value. On the whole the statistics show that the Presidents of all the banks hold 32,487 shares, the Vice-Presidents 5,098, and the

Cashiers 5,665, while all the Directors, including officers and cashiers, five hundred in number, hold only 108,220 shares, against 901,780 held by 18,985 persons belonging to the public at large. It must, however, be remembered that the number of persons directly interested in the stock of our city banks is somewhat larger than the figures given, for a Trustee is counted but as one shareholder, although a larger or smaller number of persons may be interested in the shares which he holds.

SOME FACTS ABOUT SILVER.

An effort will be made in the next Congress to re-establish silver money in this country. The importance of the subject, the general interest in the question, and its possible speedy decision, have induced this Magazine to give many pages to the views of writers on silver money. It is not, however, its province to act as advocate upon one side of a question upon which there are honest differences of opinion. It can more properly let arguments for and against it rest on their own merits, and allow its readers to draw their own conclusions, and form their own opinions. As the silver question is to many a new one, we give a statement of some of the important *facts* for the information of those readers who cannot devote time to a general study of the question.

Silver has not depreciated except when measured by gold. Measured by general commodities, silver throughout the world has not lessened in value. The able report of the British Silver Commission fully shows this.

The chief cause of the fall in the price of silver measured by gold, is its demonetization by Germany and the United States, and the limit of coinage by France and some other countries in Europe.

Legislation affects the relative prices of gold and silver. If the civilized world used silver and gold at a fixed relation of value, say fifteen and a half to one, the ratio would not alter from a change in the cost of production or in the amount of production of either metal.

The annual production of gold within this century has varied ten-fold; gold and silver combined, four-fold; silver, two-fold. Silver is the metal of greater stability of production. The use of silver, or gold, or of both, as money, is properly a question of expediency, and not of honesty. A silver dollar on its own merits is as honest money as a gold dollar. A greenback dollar is a promise to pay a real dollar, and when, or while, the promise fails except from necessity the honesty fails.

The silver dollar was the unit of our monetary system, and

the question of the *right* to pay debts in either silver or gold, at the option of the debtor, was discussed by a former generation, and the merits of the question better understood than they are at this time.

In the arguments as to the merits of silver money hard words convince no one, and the advocates of gold money make little headway by applying the epithets "inflationists" and "dishonest." The right of a debtor to pay a debt in either silver or gold, is an old one, and is perhaps a necessary one in view of the conceded fact that the rate of interest paid or promised over the whole world is much in excess of the earnings of the world, and therefore, the self-acting advantage to the debtor of paying in the cheaper metal, is necessary to partly balance an excess of rate of interest on debts, and in the end is as great a benefit to creditors as debtors.

The question of the re-monetization of silver is more likely to be discussed on the basis of the best way and the best time to do it, than on the plain issue of doing it or not doing it. The drift of public intention seems already to have settled that it shall be re-monetized on some basis.

As to the best time to remonetize silver, we have the argument on one side that it should not be done until some agreement is entered into by the principal commercial nations of the world, and that to obtain this common agreement, a Congress of international scientists shall meet and discuss the question, and agree upon the best plan. On the other side there is the strong, and likely to be convincing argument that to remonetize silver before we resume specie payments is the best way; first, that we shall receive the threatened influx of silver in exchange for merchandize, gold being an article of merchandize before specie resumption; so that if we lose our gold in exchange for silver, it will not be on a a fixed basis, but on respective valuations; second, the statement that debtors have rights as well as creditors, meets with popular recognition, and also that it is due to debtors to restore silver at once, and in more prosperous times discuss proposed monetary changes at our leisure, when having both silver and gold as money, necessity or choice may decide upon a single standard, provided the single standard becomes necessary or advisable.

The fact that silver has been in use as money in two-thirds of the world, and having been so for four thousand years; the comparison of the condition of Germany going through bankruptcy on a gold basis, and France getting rich on bimetallic money; the evident advantages of abundant metallic money, of using the metal mined so largely in this country; all these have effect. and while only in each one a partial truth, yet they are forcible arguments in the aggregate.

Certainly the drift of public opinion is in favor of silver,

and the question as it now seems, is to be one of coinage of silver to take the place of paper money, and to be a legal tender for all debts, except the payment of the National debt and custom dues, *or*, a restoration of the silver dollar, as a full legal tender, with free and unlimited coinage of silver.

H.

PUBLICITY AND THE STOCK EXCHANGE.

The depression in railroad and other corporate property during the last four or five months is likely to give more publicity to the accounts of the companies, and to bring about fundamental changes in regard to their management. Some months ago the Governing Committee of the New York Stock Exchange appointed a sub-Committee to take measures for the official publication of reports as to the earnings and financial condition of all the railroads and other corporations whose securities are dealt in at the Stock Exchange, and appear on the regular list of the Board. The report of the Committee was presented May 7th, and very little further attention seems to have been given to this important movement. It is much to be desired that the Committee may continue its labors. The public will certainly not lose sight of the necessity of obtaining frequent authentic reports of all the companies in whose securities they invest. In this country one great evil, which the inflation of the war produced in the management of railroads and other corporations, was the rabid speculation in Wall street. The law does not enforce very rigidly the responsibility of directors or the rights of stockholders, but there was always a large demand for speculative securities at the Stock Exchange. These securities were greedily purchased by cliques or private operators, and often without much direct reference to intrinsic values. Hence the growth of the pernicious system was promoted, which placed it in the power of a few speculative capitalists to obtain control as directors of various railroads and to manipulate the stocks in Wall street, so as to attract large sums of money into their own pockets. The profits and the progress of this system from which certain speculative directors have realized for years such tempting gains, has received a severe check. We are on the eve of a transition to a better and more stable condition of affairs, and among the indications of this reaction is the appointment of the Committee, whose report is before us. They state that at the outset of their labors they prepared and sent to the various corporations represented at the Exchange, circulars asking for information as to the earnings and the financial condition of all the corporations, in order that the

statistics might be collated and put in systematic form for publication. The directors of most of the companies were not prompt in responding, and when the answers came they were generally far from satisfactory. Of all the corporations on the regular list, about a score agreed cordially to furnish the desired information, and did so with readiness. But many of the leading corporations declined on various pretexts. "The coal companies said that inasmuch as they were miners as well as carriers, they could not make up reports more frequently than once a year. The President of the New Jersey Central Railroad wrote that he had reason to believe the public were well satisfied with his reports—a statement which the public took occasion to contradict very emphatically a short time after." The New York Central, the Michigan Central, the Chicago and Northwestern, and the Chicago and Rock Island directors refused or delayed to furnish the reports of their financial condition, and some of the companies treated the Committee with discourtesy and even with positive rudeness.

It will be remembered that when the Committee was formed, two opinions very diverse from each other were entertained by shrewd and well-informed persons as to its probable success. Many investors and capitalists thought that if an influential public body like the Stock Exchange Board demanded officially that the responsible managers of railroads and other corporate enterprises should submit to publicity, and should give their stockholders and investors detailed and frequent reports, such reports would not be withheld, for two reasons: first, from a salutary dread of public opinion; and secondly, from a belief that the credit of their companies would be injured, and that the quotations of their securities would fall. Another class of observers more justly argued that the speculative directors of some of these companies would use the most vigorous efforts to induce all the companies to unite together in refusing to submit to publicity, and that these corporations had been long accustomed to the policy of secrecy, so that their sense of responsibility to the public was almost extinct; and that they would easily be induced to adopt the resolution of refusing to give to the public any more information than was absolutely required by law. At present the last of these two opinions seems to have been extensively verified. A large majority of the corporations whose reports are desired, refused them. How long this obstinacy will last is uncertain. There are not wanting indications that the men who are responsible for the policy of secrecy, have been heavy sufferers in the decline of the securities in which they were interested—a decline which was probably due in no small degree to the distrust awakened in the public mind by the want of trustworthy evidence as to the operations and the

financial soundness of the several corporations. The Committee conclude their report with the following suggestive statements as to the reasons for their not continuing the work of demanding the reports from recusant directors and unwilling corporations:

"But our inaction has been chiefly due to the fact that other agencies are quietly but thoroughly finishing the task we have begun. Since your Committee was appointed, a marked change has taken place in public sentiment as to the work in which we are engaged. The information we seek, always thought desirable, is now generally demanded with daily increasing vehemence. The stockholder is at last aroused to a sense of his rights, and his reply to refusals to make full and frequent reports is one that must eventually secure them—he sells his stock. Apparently the golden age of the speculative director has passed away. The one corner-stone upon which his structure rested was public confidence. That confidence, wonderfully enduring, after repeated shocks is at last vanishing, and as it goes, the selfish schemes of faithless trustees fall to the ground. We believe the days are numbered when a few men can control vast corporations by hypothecating stock at a fictitious valuation, and then impudently refuse to furnish information to the men who give them the power. The tables are turning, and the time is short in which the Stock Exchange will be obliged to petition humbly, but ineffectually, for information. We had proof of this recently. The directors of the Rock Island road were forced at a critical moment to ask the Stock Exchange to verify their statements as to the condition of the company. We know now, as they knew then, that if they had not abandoned their arrogant position at that very hour, the panic which had already started would have dealt a ruinous blow not only to their securities, but to those of every company managed on the same vicious principle. In view of this condition of affairs, your Committee has no other recommendations to offer than that the present requirements as to reports relating to new securities be rigidly enforced; and furthermore, that every member of the Exchange exert his individual influence to secure the desired reform. We urge them to demand as their right, in behalf of themselves and their clients, holders of hundreds of millions of securities, the most minute information as to the securities in which we trade. Let them withhold proxies from any men who refuse to do their duty in this respect. Let them show the shrewd men who control New York Central, Rock Island, Michigan Central, Panama and other leading corporations, that the only way to remove the almost universal distrust which threatens the safety of their companies, is to render to the public frequent and honest reports of the trust confided to

them. When this is done, and not until then, the occupation of the so-called 'wrecker' will be gone, and our business will be reëstablished on a firm and profitable basis."

The public will be strongly disposed to doubt the propriety of the recommendation of the Committee. The Stock Exchange instead of giving up its project, or ceasing to demand frequent and trustworthy reports of the corporations whose securities appear on the regular list, should redouble the efforts in this important direction. The time is come for a complete change in this part of our financial arrangements, and the Stock Exchange Board can render important services in the reform which must, before long, become inevitable.

RAILROAD PROGRESS IN 1876.

As the panic of 1873 was in part caused by the excessive absorption of capital in railroads and other fixed works in the United States and in other countries, it is natural to suppose that the work of railroad construction must have received a notable check all over the world. Moreover, in most of the commercial countries of Europe the system of railroad transportation has reached its full development and has even gone beyond it. From the latest statistics it appears that the railroad systems of the world have an extent of 186,835 miles, of which 77,470 are in the United States; and 30,315 miles in Great Britain and her colonies. Germany has augmented its railroad network from 12,408 miles in 1871 to 17,372 miles in 1876; France, from 10,011 miles in 1871 to 13,414 miles in 1876; Russia from 5,579 miles in 1871 to 12,148 miles in 1876; Austria from 4,658 miles in 1871 to 10,792 miles in 1876; and Italy, from 3,408 miles in 1871 to 4,777 miles in 1876. While the aggregate of the railroad systems of Germany, France, Russia, Austria, and Italy comprised 36,064 miles in 1871, they had increased to 58,503 miles in 1876.

In this country our railroad progress has been much more active during the last three years than had been expected; and it shows a steady though slow tendency to increase. We find from Poor's Manual, the statistics of which have just been published for 1876, that 2,856 miles of new railroad were opened during the year against 1,919 miles for 1875, and 1,911 miles for 1874. The increase of last year partly arises from the building of the Southern Pacific lines and the narrow gauge lines in Ohio, Texas and Colorado. The gross earnings of all the roads whose operations have been reported amount to $497,257,959 in 1876,

against $503,065,505 for 1875. During the last six years the increase in the capital and mileage of the railroads of the United States has been as follows:

RAILROAD PROGRESS IN THE UNITED STATES—1871 TO 1876.

Year.	*Miles operated.*	*Capital & Debt.*	*Gross Earnings.*	*Net Earnings.*	*Dividends Paid.*
1876	73,508	$4,468,591,935	$497,257,959	$186,452,752	$68,039,668
1875	71,757	4,415,631,630	503,065,505	185,506,438	74,294,208
1874	69,273	4,221,763,594	520,466,016	189,570,958	67,042,942
1873	66,237	3,784,543,034	526,419,935	183,810,562	67,120,709
1872	57,323	3,159,423,057	465,241,055	165,754,373	64,418,157
1871	44,614	2,664,627,645	403,329,208	141,746,404	56,456,681

It thus appears that from economy and other causes, the net earnings of our American system of railroads show a tendency to increase although the gross earnings have fallen off.

The gross earnings of 1876 show a decrease of $5,807,546, as compared with 1875, and the net earnings show an increase of $946,314. The decrease in freight earnings is $2,822,458, while the falling off in passenger receipts is $2,984,688. We will now briefly compare our railroad statistics with those of Great Britain. The earnings per ton per mile are not reported on the British railways, so that no exact comparison can be made of the receipts for freight transportation. The miles run by freight trains in the United States, 1876, were at least 260,000,000, against 104,635,056 on the British railways, or about 2½ times more mileage per train. The same mileage of freight transportation, therefore, on the British railways would require a revenue of $2.06 per ton, as against $1.83 per ton on the railroads in the United States. The subjoined statistics will suffice to give a general view of the railroad system of Great Britain and the United States:

RAILROAD SYSTEMS OF THE UNITED STATES AND GREAT BRITAIN.

	United States.	*Great Britain.*
Miles of railroad	73,508	16,658
Cost of railroad	$4,468,591,935	$3,151,117,470
Capital stock	2,248,358,375	2,333,970,280
Funded debt	2,220,233,560	817,147,190
Freight moved (tons)	197,082,000	200,069,651
Receipts from freight	$361,137,376	$166,340,360
Receipts from freight per ton	$183.2	$083.1
Gross earnings	$497,257,959	$294,913,675
Operating expenses	310,805,207	160,990,980
Net earnings	186,452,752	133,922,695
Dividends	68,039,668	48,171,380
Gross earnings per mile	6,764	17,700
Net earnings per mile	2,534	8,235
Cost of construction per mile	53,558	189,165
Per cent. of dividend to capital	3.03	4.54

To show the rapidity of the growth of the railroad network of the United States, we give the following table:

	1876.	1867.	*Increase.*	*Increase. p. c.*
Miles of railroad	73,508	30,000	43,508	145
Capital stock	$2,248,358,375	$756,223,000	$1,492,135,375	197
Funded debt	2,220,233,560	416,658,000	1,803,575,560	433
Total capital account	4,468,591,935	1,172,881,000	3,295,711,935	281
Gross earnings	497,257,959	334,000,000	163,257,959	49
Operating expenses	310,805,207	228,700,000	82,105,207	36
Net earnings	186,452,752	105,300,000	81,152,752	77
Dividends	68,039,669	32,125,000	35,914,568	112
Cost per mile of railroad	53,558	39,096	14,462	37
Gross earnings per mile of railroad	6,764	11,130	4,366*	39*
Net earnings per mile of railroad	2,534	3,510	976*	27*
Per cent. of dividends to capital	3.03	4.25	1.22*	29*

* *Decrease.*

In 1867 there were 39,276 miles of railroad in the United States, of which 3,938 miles were in New England, 9,555 in the Middle States, 15,226 in the Western, 10,126 in the Southern, and 431 in the Pacific States. The Union and Central Pacific Railroads had not been completed. There were no railroads in Utah, Dakota, Colorado, Washington Territory, or the Indian country, where now are 2,136 miles; and in all the territory west of the Mississippi River, and east of the Pacific Slope, where now are 17,576 miles, supplying the wants of a population of 7,120,000, there were then but 3,968 miles of railroad, with a population of 4,205,000. The following table compares the growth of our railroads and population in various sections of the United States during the last ten years:

RAILROADS AND POPULATION OF THE UNITED STATES, 1867 AND 1876.

	Miles of R. R.		*Increase.*		*Population.*		*Increase.*	
	1876.	1867.	*Miles R R.*	*Per cent.*	1876.	1867.	*Number.*	*Per c't.*
New England	5,694	3,938	1,756	44.59	3,806,850	3,348,000	458,850	13.70
Middle	15,085	9,555	5,530	57.87	11,405,000	8,930,000	1,475,000	14.85
Western	37,055	15,226	21,829	143.37	15,835,000	11,985,000	3,850,000	32.12
Southern	16,676	10.126	6,550	64.68	12,410,000	10,440,000	1,970,000	18.87
Pacific	2,960	431	2,529	586.78	1,280,000	650,000	630,000	96.92
Total, U. S.	77,470	39,276	38,194	97.25	44,736,850	36,353,000	8,383,850	23.06

These figures illustrate the excessive rapidity with which railroad building has been carried on in this country, during the ten years from 1867 to 1876. The railroad mileage of the United States has nearly doubled, while the population has increased only twenty-three per cent. The number of inhabitants to a mile of railroad in 1867 was 925, while in 1876 it was only 577.

IRON AND COAL AS FACTORS IN THE PUBLIC WEALTH.

So intimate are the relations between the growth of material wealth and the prosperity of the coal and iron industries, that some economists have designated the latter a "barometer" by which to measure the former. Without going quite so far as this, we have, in several of our recent issues, described the connection between the recuperative prospects of business and the present condition of the coal and iron industries. A large number of interesting facts which illustrate some aspects of this subject are given in the annual report of the American Iron and Steel Association for 1876, which has just been published. These valuable statistics have been compiled by Mr. James M. Swank, the Secretary of the Association. Among other facts, he presents the following comparative view of the production of iron and steel in the United States for the past two years:

IRON AND STEEL PRODUCTS OF THE UNITED STATES, 1875 AND 1876.

Products.	Tons. 1875.	Tons. 1876.
Pig iron	2,266,581	2,093,236
All rolled iron, including nails and rails	1,890,379	1,921,730
All rolled iron, including nails and excluding rails	1,097,867	1,042,101
Bessemer steel rails	290,863	412,461
Iron and all other rails	501,649	467,168
Street rails included in iron rails	16,340	13,086
Rails of all kinds	792,512	879,629
Kegs of cut nails and spikes included in all rolled iron	4,726,881	4,157,814
Crucible cast steel	39,401	39,382
Open hearth steel	9,050	21,490
All other steel, except Bessemer	12,607	10,306
Bessemer steel ingots	375,517	525,996
Blooms from ore and pig iron	49,243	44,628

One of the most important features of this table is the increase which it shows in the production of rails. In the present depression of business it might have been expected that we could have used finer rails than in previous years. Indeed, this is no doubt the case, but if we have used finer rails in the aggregate, those which we have used have chiefly been of American manufacture. According to the report, there were rolled 879,629 net tons of rails in 1876, an increase of 87,117 tons, or eleven per cent., upon 1875, when the aggregate was 792,512 tons. Of the total production in 1876, there were 412,461 tons of Bessemer steel rails, and 467,168 tons of iron rails against 290,863 tons of Bessemer steel rails, and

501,649 tons of iron rails in 1875. The production of Bessemer steel rails almost overtook that of iron rails in 1876. Included in the above figures of the production of iron rails are a few tons of steel rails and steel headed rails, not Bessemer. The production of rails of this class in late years has been as follows: 1873, 26,377 net tons; 1874, 17,181 tons; 1875, 19,436 tons; 1876, 12,791 tons. The production of street rails was in 1873, 9,430 net tons; 1874, 6,739 tons, of which 1,000 tons were Bessemer steel; in 1875, 16,340 tons, of which 2,308 tons were Bessemer steel; and in 1876, 13,086 tons, of which 3,563 tons were Bessemer steel. Nineteen States and the territory of Wyoming made rails in 1876, and the percentage of the whole product which each produced is as follows: Pennsylvania, 40.24; Illinois, 20.63; Ohio, 11.46; New York, 6.52; Maryland, 2.14; Wisconsin, 2.41; Indiana, 3.34; Massachusetts, 1.03; Missouri, 2.38; Tennessee, 2.43; California, .98; Wyoming Territory, 1.40; Georgia, 1.02; Vermont, 1.05; Kentucky, .17; Kansas, 1.68; Maine, .85; New Jersey, .03; West Virginia, .06; Michigan, .18. At the close of 1876 there were in twenty-five States and the territory of Wyoming 338 rolling mills, containing 4,488 single puddling furnaces, each double furnace being counted as two single furnaces. Of the whole number of mills, 260 were in operation during the whole or a part of the year. Of the whole number, 98 were built to make rails—60 heavy and 38 light rails; and of these, 40 heavy and 16 light rail mills—56 in all—made rails in 1876. The rolling mill capacity of the country, like its blast furnace capacity, will at least double the production of 1876.

Next to the increase of the product of steel rails, perhaps the most notable fact contained in the report is the increase in the smelting of pig iron with bituminous coal and coke and the decline in the smelting in anthracite furnaces. There is no doubt that this movement is largely due to the grasping policy of the anthracite coal companies who used to argue that they possessed a great monopoly because there are in the United States but 450 square miles of coal land, of which one-third was owned by a single corporation, the Reading Company, while a few other large companies owned most of the remaining two-thirds. To convey this coal from the anthracite basin to the seaboard, and other markets, railroads had been constructed at an expense of thirty millions of dollars, and fifty millions more had been spent in purchasing the coal lands themselves. Never was a great monopoly attempted on so large a scale and with such apparent prospects of success. One of the facts of importance which the coal companies apparently forget, was, that there are in this country two hundred thousand square miles of bituminous coal lands, while in England there are but eight thousand square miles. Some interesting facts in regard to the falling

off in the anthracite smelting, are given in the report as follows:

"The production of the Lehigh valley has declined from 449,663 net tons in 1872 to 261,274 tons in 1876; that of the Schuylkill valley from 232,225 tons in 1872 to 144,969 tons in 1876; that of the two Susquehanna valleys from 286,565 tons in 1872 to 182,586 tons in 1876. The Chenango and Mahoning valleys did not jointly or severally produce as much pig iron in 1876 as in 1872, but each district increased its production in 1876 over that of 1875—the Mahoning valley in a marked degree. In the Hanging Rock district the production of coke pig iron almost doubled from 1872 to 1876, while the production of charcoal pig iron declined a little more than one half in the same period. Of the total production in 1876 of 2,093,236 net tons of pig iron, 990,009 tons were smelted with bituminous coal and coke; 794,578 tons with anthracite coal; and 308,649 tons with charcoal. The production of bituminous coal and coke pig iron first exceeded that of anthracite in 1875, and then by only 39,499 tons; but in 1876 anthracite fell 195,431 tons below its rival, and 113,468 tons below its own production in 1875. The production of bituminous pig iron was greater in 1876 than in 1872, and 42,464 tons greater in 1876 than in 1875. The production of charcoal pig iron has declined almost fifty per cent. from 1874 to 1876. In the latter year the production was 308,649 tons, against 576,557 tons in 1874, and 410,990 tons in 1875."

A third point suggested by the report is the greater efficiency or durability of our annual product of rails. Since the use of Bessemer steel, the durability of the rails in our railroad system has been so much extended, and the yearly wear and tear has been so greatly reduced, that for practical purposes the efficiency of 100,000 tons of Bessemer rails may perhaps be equal to two or three times that of 100,000 tons of the old iron rails formerly used. In other words, the efficiency is being more than doubled.

In view of the foregoing statistics it is interesting to observe that the condition of the coal and iron industries in England seems to be improving. The wages of the men had been increased to such a degree as to check the iron production and the mining of coal. From the reduction which has been effected a manifest improvement is resulting. Mr. Hunt, the inspector of English coal mines, reports the coal production of 1876 at 34,125,166 tons. The aggregate production of 1875 was reported by the same authority at 131,867,105 tons. These figures are given in advance of the official publication. Whether the production of iron will exhibit a similar improvement in the United States, and in what departments there has been the most activity, is a question on which there is a considerable diversity of opinion.

BANKING ORGANIZATION HERE AND IN ENGLAND.

BY DR. GEORGE MARSLAND.

An acute financial writer has said that as we can often obtain a better view of any star if from time to time we look from it to a neighbouring star, so the process of comparison is equally useful in finance. Hence economists and writers on banking find it advantageous to compare with our monetary system and its movements, the analogous facts relating to foreign countries. As our own banking methods have been so largely borrowed from England, the study of the principal features of American and English finance may be expected to lead to considerable practical improvement in both. In this country especially we have much to learn from the financial and banking history of foreign nations; for in some of its features the development of our system has been very similar to that exhibited in the old world. In all these points the experience of foreign commercial nations cannot but be of benefit, especially in the prospective movements of our financial system towards specie resumption. In a great multitude of other respects, however, our banking system has grown up under peculiar conditions which have no parallel in other countries. From these facts it is evident that we shall find in our examination of foreign systems of banking many great features in common with those we see around us in our own country, and that these characteristics are often marked by very wide diversities, all of which are extremely well worthy of close analysis by every student of economic science and banking history. Besides these and other general reasons for a diligent investigation of foreign banking movements, there are many special reasons of which we will notice briefly the more important.

And first the differences between the English system of banking and the complex system developed in the United States have been much misunderstood. They have been sometimes believed to consist in the enjoyment of more or less of exemption from pernicious legislative restrictions. Thus it is often said that in the United States the business of banking has been fettered by legislative enactments, while in England it is almost altogether liberated from such control, and is subject to the principles of free banking. While we do not accept this statement without qualification, and while there is no doubt that in England more freedom exists in some respects, in regard to banks and their business, than has ever been enjoyed without great mischief in the United States, many of the chief differences between the systems

of banking in the two countries may perhaps be traced to our greater aptitude in America for organization. In proof of this theory, we might point to the different character of the reports which are published weekly or at less frequent intervals by the banks of the United States and of England.

Prior to 1844, when the legislation of Sir Robert Peel was established, no reports were published by country banks in Great Britain, and it was considered by the bank reformers of that day that British banking had taken a great step in advance when a weekly report was enforced by law not only upon the bank of England, but upon the banks of issue in the whole country. On the part of the banks, however, so much resistance was made to the principle of publicity, that it was not attempted to compel any of the banks, except the Bank of England, to include in the reports the deposits, the specie, the loans, the capital, or any other particular except note circulation. Hence, it follows that when we have to explore the bank capital, or the bank deposits, or the bank reserves of the financial system of Great Britain, we can obtain but few trustworthy data to guide us, and we are left too much to conjecture and uncertainty.

In 1875 a large number of the English country banks sent returns voluntarily to Sir Stafford Northcote, the substance of which is added to the evidence taken by the Select Committee of the House of Commons on banks of issue. This Committee, as we stated some time ago, was appointed on account of the agitation produced in England from the claims put forth by the Scotch banks to establish branches in London. It was argued that there was nothing in the law of 1844 to prevent such banks as are doing business in Scotland and issuing notes there from going to London or to any part of England and opening branch establishments in rivalry with the English banks. Never before had this singular claim been made. It was based upon the fact that the English bank law of 1844, while it declared that no English bank of issue, except the Bank of England, should be allowed to open a branch establishment in London without giving up its privilege of issuing notes, was altogether silent about the Scotch banks. Now as the law did not in terms forbid the Scotch banks from opening branches in London, but ignored those institutions altogether, two diverse interpretations of the statute were set up. The English banks interpreted the statute one way and the Scotch banks another.

The Scotch banks argued, as we have hinted, that they were entitled to enjoy all the privileges from which the law did not expressly debar them. As they are not mentioned in the Act, it is plain they said that so far as that statute is concerned the Scotch banks are not excluded from the privilege of opening establishments in London, nor indeed are any other banks so excluded but such banks as are

expressly specified and laid down in the law. Relying upon this interpretation of Sir R. Peel's Act, the Scotch banks opened branches in London and various parts of England, where they still remain, although it is contended in many quarters that the right claimed under the statute could not be sustained in the courts.

The argument against the right of the Scotch banks to open branches in London or in any part of England without giving up the privilege of issuing notes, is based upon two principal lines of reasoning. First, it is urged that the Scotch banks, if they really possess the right which they claim, must have had it conferred upon them by a direct grant, and they are bound to produce the Act of Parliament under which the privilege was granted. Now, nothing can be more certain than that the Act of 1844 fails to support or even to hint at any right of the Scotch banks to open branch offices in England. It prohibits all English banks of issue from doing so, and by parity of reasoning, we are left to infer that if the Scotch banks had been thought of or mentioned at all, they would only have been mentioned to have been excluded. No possible reason can be assigned why the Scotch banks should have been left unmentioned with any purpose of indirectly conferring on them exclusive privileges.

Next, if we turn from the Act of 1844 to the other statutes regulating banking in Great Britain, we shall not find any direct grant either to the Scotch banks or to any other banks of issue, except the Bank of England, empowering them to open branches in London without giving up their note issues.

Such are the chief arguments on both sides of this memorable controversy. It is somewhat remarkable that the dispute has not been referred to the courts for adjudication. Prior to the Parliamentary enquiry of 1875, the proposition was made to bring a suit so as to have the questions at issue finally settled. Some of the parties in interest, however, believed that the shorter and better course would be to get a bill passed by Parliament forbidding the Scotch banks from opening branches in England. This scheme seemed so likely of success, that it was at once adopted, and the necessary bill was introduced into the House of Commons, with the most sanguine expectations of its speedily becoming a law. Unfortunately, however, the friends of the project had made two mistakes; they had over-estimated their own strength, and they had under-estimated the difficulties which they had to surmount. Many liberal statesmen on whose support they had counted, turned round upon the promoters of the bill with the question, whether the English banks wished in the present age to reëstablish the antiquated principles of protection in England, and whether

what they wanted was that Parliament should draw a prohibitory circle around the existing English banks to protect them against the competition of the Scotch banks. This adroit argument was suggested by the ingenuity of the advocates of the new interpretation of the law; and, whether desired or no, it had the effect of withdrawing the fight from the narrow open field of banking expediency and of transferring it to the broad and boundless wilderness of free trade speculation. In the jungles and morasses which abound there, the Parliamentary forces of both parties became so entangled that they at length gave up all hope of extrication, and took refuge in a Parliamentary committee, whose report, but for the luminous guidance of Mr. Goschen, and one or two other members, would have been of very little more use for the settlement of the question than the previous Parliamentary discussion. Indeed, as is well known, the committee failed to agree as to the legislation which was proper under the circumstances, and instead of giving any opinion as to the questions submitted to them, whether the Scotch banks should or not have the privileges which they claimed, they contented themselves with the vague suggestion that the whole question of Parliamentary legislation needed a thorough discussion, with a view to the introduction of some important changes in the laws regulating banking in England. The report, which is very voluminous, has for us but little interest except in two or three points of view. It illustrates. as we have said, the chaotic condition of certain parts of the banking system of Great Britain. That system has very little symmetry, and its several parts are not cemented together by any National organization, nor are the great public functions which are entrusted to the banks surrounded by those safeguards which in other countries have been absolutely indispensable.

It would be both interesting and useful to inquire into the compensatory forces which are at work in the British banking system, and which have caused it to be so prosperous, so useful, and so stable, in spite of these and other defects in its organization. Omitting these investigations for the present, we will refer to other more general questions suggested by the Parliamentary report. And among them a conspicuous place must be given to the growing tendency among the banks and moneyed institutions of commercial nations, to associate themselves together for various common ends. The BANKER'S MAGAZINE has often had to refer to such hopeful indications of financial progress, and to point out the advantages it promises for the future, and is realizing even now. It is gratifying to find a similar tendency is developing itself in England, as well as among some other European nations where the obstacles to such organizations are sufficiently formidable. From the documents of Sir Stafford Northcote's

committee, it appears that, besides the Bank of England, there are in England at present, 345 banks, of which 226 are private banks and 118 joint-stock banks. Of the private banks, 113 are banks of issue, while the rest have no privilege to emit notes. Of the joint-stock banks fifty-four have the right to issue notes. Hence it appears that the note-issuing banks in England are 167 in number, and the non-issuing banks are 178. Of the latter, forty-three are situated in London, and 135 in the country. These figures possess a special interest, in view of the fact that the 226 private banks do not publish their reports in the newspapers, and only nineteen of the 118 joint-stock banks have given full statements of their condition to the public. This reluctance to publish reports, we repeat, is one of the more perilous peculiarities of the banking system of Great Britain, especially as publicity is not enforced by law except in regard to the note issues. All other banking operations outside of the Bank of England, are conducted without any legal requirements for publicity, and if, as is affirmed, Sir Robert Peel intended to follow up his laws of 1844 and 1845, for the regulation of bank notes, by further legislation touching the other functions of the British banking system, the intention was never put in execution. The consequence is that the banking statistics of England have never been officially published in the same detail as is common in the United States, and in some other countries. The subjoined table is compiled from the report of the Committee, and, taken together with the estimated statistics we published a few weeks ago, it gives a complete view of the English banking system outside of the great central institution—the Bank of England :

ENGLISH BANKING SYSTEM OUTSIDE OF THE BANK OF ENGLAND, 1875.

	Private Banks.	*Joint-Stock Banks.*	*Total.*
Banks issuing notes	113	54	167
Banks not issuing notes (London)	30	13	43
" " " (Country)	83	52	135
Total issuing and not issuing	226	119	345
Of these the London banks are	30	13	43
And the country banks	196	106	302

By this table we see first, that the English banking system is made up of somewhat heterogeneous materials, and secondly, that the various groups of banks composing it possess very different privileges. It follows that the difficulties of union for a common purpose are considerable; and the English mind is well known to possess less aptitude for such efforts at organization. Hence no attempt was ever successfully made until a few years ago to unite the banks in one association, and the sharp rivalry for business tended to sever and to alienate the different sets of banks from each other.

In face of these obstacles, Sir John Lubbock succeeded, by the aid of some other men of influence, in establishing the Country Clearing House; and this organization has had an active tendency to attract the elements of the English banking system into harmony with each other. Among the indications of this tendency which appear in the Parliamentary report, we may mention the Association of English Country Bankers, whose origin appears to be quite recent, and whose limits appear to include the whole of the banks in the foregoing table, except those of the metropolis.

We might refer to the published accounts of the banks in other European countries, in illustration of this general disposition on the part of monetary institutions to draw closer the bonds of organized union and mutual support. It would be an interesting task to trace out the great pervading causes which have led to such similar movements in the most distant parts of the world, and to show both the dangers and benefits it may bring in its train. Another and a more practical duty is that of applying to our own banking system, and to its prospective wants in the early future, the numerous lessons and hints for improvement suggested by the movement.

There is, thirdly, the question of cash reserves and their tendency to prevent panics. The reserves of the English banks are not published, but these institutions are known to hold very little cash in their own vaults, and to rely too much on the reserves of the Bank of England. In the United States, on the contrary, we have for many years held large bank reserves. It was one of the beneficent consequences of the panic of 1847, that it led to the weekly publication of the reserves of our city banks. The panic of 1857 caused our Clearing House banks to pass a resolution to keep twenty per cent. of cash reserves against their net deposits. The panic of 1860 led to the increase of the minimum reserve to twenty-five per cent., and since that arrangement of our Clearing House banks to keep an adequate cash reserve, we have had fewer financial panics than other countries. Indeed, we were wholly exempt from any severe revulsion until 1873, when the reserve was found to have been seriously impaired in several of the more extended parts of our banking organization. Now, we do not for a moment wish to argue that the ample reserves of our banking system were the sole instrument by which it preserved itself from the destructive violence of those revulsions from which it had never before been exempt for so long a period. All that we claim as the result of abundant cash reserve is, that they are wholesome, that they tend to give health to the banking organization, and to develop other salutary conditions which are both conducive to the strength and preventive of weakness and danger. If we were disposed to forget so obvious a principle, the temporary suspen-

sion of the Bank of the State of New York would remind us that strong reserves may co-exist with great weakness in other directions. But such instances are rare: and, as a general rule, applicable to the banks of an extensive system, provided like our own with other preventives of bad banking, ample reserves are of the highest possible importance as safeguards against panics.

Among the numerous questions relative to the cash reserves which may very appropriately claim a place in the discussions of our future banking conventions, there is one which has been attracting a good deal of public attention, both here and abroad. We refer to the heavy expense of reserves. Of course they are worth all they cost, and the burden of keeping them, if it is an indispensable condition of safe banking, must be submitted to. Still it is only fair that a hearing should be given to the objections, and they are very clearly set forth by a recent committee of the New York Clearing House, who say:

"The requirement of a 'legal reserve' is now engaging special public attention, and much impatience is expressed at the law which compels banks to hold a definite ratio of legal tender notes to liabilities. The practical difficulty consists in attaching a rigid and inflexible rule of law to a mobile fund, which is held for the purpose of meeting sudden contingencies, and which is, therefore, in its very nature, a variable quantity. It is impossible clearly to prescribe by statute the circumstances or the exact periods during which the reserve should be increased or diminished. There seems an intrinsic absurdity in a law requiring that a 'reserve' must be always kept, which was created on purpose to be used, or that a bank officer who draws upon his reserve, under circumstances for which it was intended, is false to the oath which he takes to obey the law. But the fact that a military commander cannot be definitely instructed when he may employ his reserve force, is not regarded as a reason why that important portion of an army organization should be abandoned, or be reduced in number or efficiency. So long as bank debts are subject to cash payments, so long must the obligation be either imposed or assumed, of keeping sufficient cash in hand to pay whatever portion can possibly be presented. It must always be remembered that, in the absence of any important central institution, such as exists in other commercial nations, the associated banks are the last resort in this country, in times of financial extremity, and upon their stability and sound conduct the national prosperity greatly depends."

Such are the wise suggestions of the New York Clearing House, and the conclusion is that every bank receiving deposits repayable on demand is under an explicit obligation to keep a cash reserve of one-fourth or one-third of the

aggregate deposits so held. The whole question may now be considered as settled, and this safe old rule will receive the approval of conservative bankers here and in England, as one of the most efficient safeguards against financial revulsions.

SPECIE RESUMPTION IN FRANCE.

As the time is now approaching when specie payments are to be resumed in France, it is interesting to know what preparation has been made for the change. At present, of course, the Bank of France is not compelled by law to pay coin in exchange for its notes, still the bank pays out gold or silver to all who desire it, and even objects to issue notes as small as $20 or 100 francs for the accommodation of its dealers. The notes of smaller denominations it has long ceased to issue. If the legal-tender law has not yet been repealed, the maintenance of it must be attributed chiefly to the policy of the Government, for the bank is said to be desirous of reducing its paper circulation, on which it pays a tax of 1½ per cent. The sum which in 1876 this tax yielded the Treasury was $746,530, while the net profits of the bank, exclusive of the interest on the Government stock held by it, were only $2,642,468. Moreover as the bank holds in its vaults a reserve of specie to the amount of ninety per cent. of the notes in circulation, it has an interest in paying out coin in order to reduce the issue of notes on which it is paying a tax. The termination of the legal-tender quality of the notes is fixed by an article in the Budget of 1876, which declares that "when the loans and advances to the Government by the Bank of France shall have been reduced to 300 millions of francs, the notes of the Bank of France shall be redeemable on presentation." According to the convention between the State and the bank, passed in 1875, the Treasury debt under existing stipulations would be reduced to 600 million francs, so that the amount outstanding at the end of 1877 would be only 300 million francs, and specie payments would be resumed on the 1st January, 1878. The Treasury, however, exercised its right of anticipating the dates for the payment of the annuities, and on the 19th October, 1876, had not only paid to the bank the whole of the annuity of 150 million francs for 1876, but also 112 millions on account of the year 1877. Consequently as the Treasury had already paid off a sum of 218 million francs in nine months, and forty-five million francs in 1875 on account of 1876, it only remained that a further sum of thirty-eight million francs should be paid to cause the article of the financial law of 1876 to take effect and specie payments to be immediately

resumed. Since October last, however, no further reimbursements have been made to the bank by the Treasury, and it is supposed that the Government intends to delay this final payment until the end of this year, in order that the legal-tender law should not be repealed until 1st January, 1878, as originally intended. The Government has no doubt many important motives for deferring the return to specie payments. Among them is the desire that the banks should retain the power of checking the exportation of specie if the foreign exchanges should turn against France. The bank does not publish the precise figures showing the proportion of its silver and gold reserves, but the belief is that the silver represents from 20 to 25 per cent. of the total cash reserve. Whether these facts are as represented or not, it is certain that since silver became so much depreciated, it has no longer been allowed to form one-third of the total specie reserve as formerly. The report is that the bank does not hold any bar-silver, its reserve consisting of coin only. Since the restriction on the coinage of silver, the French imports of coin and bullion have consisted almost wholly of gold. The annual report of the Bank of France for 1876 states that during that year coin was paid out for a sum of 1,160 millions, of which 628 millions was gold and 532 millions silver. The same report adds that the bank received during the year a sum of 510 millions of foreign specie, of which 465 millions was in gold, and forty-five millions in silver. That sum was probably represented by the coin from abroad, received directly over its counter, and by the foreign coin and bullion sent into the Mint and the bonds given in exchange for which *bonds de monnaie* were discounted by the bank. The difference in the proportion of gold to silver from abroad received by the bank and that paid out, tends with other circumstances to prove that the bank has been endeavoring to reduce its stock of silver coin. The accumulation of cash is due to several causes, one of which is the continued favorable rate of exchange on London. Until a limit was placed on the coinage of silver five-franc pieces at the Mint, the importation of that metal yielded a large profit; since the markets for silver have been narrowed or closed, the bullion dealers have been able to purchase Australian gold, American eagles, etc., in London, for coinage here with advantage. The large amount of private deposits at the bank, which from 220 million francs in May, 1873, have now increased to 650 million francs, has also added over 400 millions to the reserve, a great part of which has no doubt been in cash. In May, 1870, just before the war, the cash in the bank amounted to 1,268 million francs and the note circulation to 1,422 million francs, in other words, the cash reserve has increased 1,000 millions of francs, and the outstanding notes 1,000 millions.

THE BI-CENTENARY OF POLITICAL ECONOMY.

Last year, at London, the hundreth anniversary of Adam Smith's publication of the *Wealth of Nations*, was held by the Political Economy Club, and we gave a full account of the proceedings. On the 19th of April, 1877, the bi-centennial of the birth of Bandini, the great Italian economist, was held at Sienna. At the meeting of the Paris Society of Political Economy, April 5th, a circular was read which had been received from the municipality of Sienna, inviting the members of that association to attend the anniversary. Bandini was born 19th April, 1677, and his work, *Discorso sull Economica Politica*, is found in the collection of Baron Custodi. It demonstrated long before Adam Smith's labors, many of the advantages of economic liberty, of the simplicity which is necessary to sound fiscal legislation, and he attempted, with some success, to prescribe the limits within which governments can interfere with industry and trade. In 1737 Bandini, who was an arch deacon as well as an economist, wrote his essay on *Tuscany*. His functions in his laborious profession brought him into contact with the masses of the people, and his sympathies were keenly aroused during his travels in Tuscany. That country, formerly so flourishing and populous, had become unhealthy, pestilential, and uninhabitable. In a paper written with as much earnestness and force, as of clearness and elegance, he showed the greatness of the political and productive power which Tuscany could secure, were the marshes restored to agriculture, and the country rendered once more the home of industrial activity and material growth. He had evidently a practical, as well as a theoretical, knowledge of economic principles. He set forth several plans for the draining of the stagnant water, and he did not conceal his conviction that these material improvements, executed by the utmost skill and energy, would be insufficient, except the country was set free from the moral and political shackles which fettered every movement of productive enterprise, and checked the progress of the country in material wealth. Among these obstacles to prosperity, he gave a conspicuous place to the innumerable fiscal burdens which had so much tended to make the country desolate, and to drive away its population to more propitious districts. He concluded by insisting that if the government meant to attract to the country new inhabitants, they must offer new advantages for material wealth and progress.

The fundamental principle of Bandini's political economy was, that the laws governing contracts and money should be

simple, and that industry of every kind should be left in the enjoyment of all the liberty compatible with good orderly government. He recommended the diminution of taxes, and the abolition of duties which prevented the free transit of commodities to and from the local markets.

He had several surveys made of the marshes, passed through the whole country, examined it himself, and caused it to be thoroughly surveyed by the mathematician Ximenes. Large works were constructed for drainage. The most mischievous fiscal burdens were abolished. The political administration was improved, as well as the administration of the courts of justice. The population increased, and rapidly acquired, by the exercise of free commerce in breadstuffs, manufactures, and merchandise, the means of increasing the fertility of the land as well as of improving its crops. They thus became more industrious, more rich, and more happy. Such were the effects produced by this first Italian economist and his writings upon a good king.

But Bandini was not the only Italian economist of the eighteenth century. Among the other useful writers we may mention Broggia, a merchant of Naples, who published in 1743 two essays on money. These works were remarkable for the sound economical principles on which they were founded. The constant object of the author is to promote the wealth and material growth of the country. The means by which, he says, National wealth can alone be promoted, are agriculture, commerce, and industry. He showed himself an ardent defender of the poor, but he has been criticised for his partiality for the mercantile system. His treatise on *Money* is distinguished by great accuracy of judgment united to broad practical views and profound experience.

The subject of money was a very practical one in those days among the writers on political economy. The Abbé Galiani, who was scarcely twenty years old, treated it with much success in his work on *Money*, printed in 1750, in which he was not afraid to take up new and important questions, such as the nature of value, the principles of taxation, the interest of money, the duties, the origin, and the nature of banks, the debts of National government, the movements of exchange, and many others. Galiani was one of the first writers who devoted himself to an analysis of the nature of value, he demonstrated that value consists, or is the result of several diverse circumstances, namely, scarcity, utility, quantity, and quality, of labor and of time. Like J. B. Say, in the next century, Galiani even pushed his analysis so far as to include in his definition of wealth the talents of men, declaring that these talents are more or less valuable, for reasons precisely similar to those which confer a value on inanimate things, so that human abilities, skill, and acquirements, are controlled in their market value by the two prin-

ciples of scarcity and utility. These ideas, which were perhaps borrowed from Aristotle, appear not to have occupied their proper place of importance in the analysis of Adam Smith. But, as we have said, the great French economist, J. B. Say, corrected the error, and included the labors of the mind, which had been neglected by Smith, among the productive elements of National wealth. Galiani was one of the first who refuted the theory, then very prevalent, that the high prices of commodities are an indication of poverty and wretchedness. Twenty years later, in 1770, Galiani published his once celebrated, but now forgotten, dialogues on *Trade in Grain.* He was at that time at Paris, as Secretary of the Embassy, and he used in that work, the French language, which he wrote with much elegance and accuracy. The famine of 1769 had raised in France considerable agitation as to whether the freedom or the restriction of the trade in grain was the policy most conducive to National wealth ; and this complex question has for ages, before and since, been debated with warmth, wherever circumstances have caused it to assume a practical importance. Galiani brought so much of learning, wit, grace, and humor, into his discussions and dialogues, that he greatly amused Paris, whose lively inhabitants were then very attentive to all political and literary disputes. The conclusion to which Galiani's dialogues seem to lead is, that the best system in regard to controlling the grain market is to have no system at all. But he thought that the trade in grain and breadstuffs ought to be placed under wise precautions and that it should only enjoy a modified and regulated freedom. Galiani is classed like Broggia, among the advocates of the mercantile system.

Belloni, a banker at Rome under Pope Benedict XIVth, wrote in 1750 a dissertation on *Commerce*, in which he considered the rate of exchange as the surest guide in discovering the situation of a country in respect to trade. Hence he approved of forbidding the exportation of silver. This work, in spite of the errors which it contains, reflects great merit upon its author.

At the time when these writers flourished, a private gentleman founded in 1755 a chair of commerce and mechanics in favor of Genovesi. who held that Professorship with much usefulness and distinction for several years. We owe to that chair, which was undoubtedly the first established in Europe for political economy, the lectures on civil economy which conferred on their author the merit of being considered the restorer of the science in Italy. In these lectures Genovesi includes almost all the parts of political economy. His method reminds us of that of Hutcheson, the tutor of Adam Smith. He begins with the sensations of man and the origin of his wants ; from these he deduces man's rights and his duties ; he makes an analysis of the nature of society, and

after this brief preliminary discussion on natural rights, he examines the methods which are most proper to render the body politic progressive, populous, rich, and happy. With Genovesi the analysis of the nature of man is clear, and conducts the reader to the explanation of a great number of phenomena. To exhibit the causes of the prosperity of nations, he adopts the three grand divisions of agriculture, the arts, and commerce. Under each of these great sources of wealth, he treats particularly all the subjects and all the questions which are most important as resulting therefrom. Genovesi set a high value upon agriculture, still he inclined to prefer commerce and industry, and to adopt the mercantile system. Far from considering the fine arts as sterile, he called them non-productive by themselves, but very useful and capable of augmenting production. He considers all classes of societies as useful, directly or indirectly, to production. Another maxim which is prominent in the lectures of Genovesi is that which admits labor as the prime factor in production. In this respect he agrees with Hutcheson and Smith.

One of his less sound suggestions was that a single tax was better than a multitude of taxes, because it was more easy to assess and more economical in the collection. On several other points his opinions resemble those of Quesnay and his disciples, the economists, whose precurser Bandini was in Italy. The economic works of this writer had a much more salutary influence than many similar writings. They contributed to render fruitful and populous a wide district of rich productive powers, which for many years had been pestilential and uninhabited, and although Bandini's essays were not published until 1775, they reached much earlier than that date the hands of men of influence and statesmanship, by whom good books are too often left unread, or but slowly appreciated. The essay on *Tuscany* was written in 1737, nearly forty years before its publication, and copies of it had been presented two years after to the Grand Duke Francis, and to two of his Ministers. The Emperor Francis, who resided so far from Tuscany, and was absorbed with the care of the Empire, gave but feeble relief to this afflicted province. But when Peter Leopold ascended the throne, he read the essay of Bandini, approved the soundness of his principles, and put them in force in his governmental policy, thus giving to the history of political economy its earliest triumph in that beneficent career to which in future days it is destined of ameliorating the condition of nations, and increasing their material wealth, and developing the forces on which their growth or productive power depends.

HOW TO IMPROVE FOREIGN TRADE.

BY GEORGE M. WESTON.

Unless under exceptional circumstances, to be hereafter stated and considered, the merchandise imports and exports of any country will, in the long run, be equal. This will be true of its merchandise transactions in the aggregate, and with all other countries taken together. With one foreign country, such transactions may show an import balance, and with another an export balance; but upon the whole, foreign purchases must equal foreign sales. The money of the world, that is to say, gold and silver, may be used to adjust balances, first on one side and then on the other, but there can be no fixed flow of it in one direction. In a country attracting money for the time being by comparatively large exports, prices will rise and discourage exports and encourage imports, until the money current will set outward instead of inward. And by a reverse operation, in a country subjected to a diminution of money for the time being by comparatively large imports, prices will fall until the money current is changed. All this is simple in theory and familiar in experience.

The exceptional circumstances are, that some countries produce the precious metals largely while others produce little or none of them, and that large international transactions, having no connection with commercial exchanges, occur by borrowing, lending, and paying the interest or principal of loans and sometimes by tributes and indemnities.

The continuous flow of gold and silver to a rich and industrious country like India, in which the precious metals are not mined, if it does not exceed the limits indicated by those circumstances, does not disturb the general monetary equilibrium, but is, on the contrary, essential to its maintenance. On the other hand, the general monetary equilibrium is not disturbed, but maintained, by the continuous outflow of the precious metals from countries which, like Mexico and the United States, produce them in quantities which would overstock them in comparison with the average supply of mankind. India, therefore, may have a permanent excess of merchandise exports, while Mexico and the United States may have a permanent excess of merchandise imports.

The transactions of international lending, borrowing, and paying, and of tributes and indemnities, may be conveniently described as extraordinary outgoes and receipts. In the long run such transactions must cause excesses of merchandise exports, or imports, as the case may be. Any movement of

money which they may occasion will be temporary, and bring about an equal counter-movement, as the tendency of the monetary equilibrium to restore itself is as certain and irresistible as is the tendency of water to come to a level.

During the process of placing loans abroad a nation may and must have a steady excess of merchandise importations, and during the process of paying off foreign loans may and must have a steady excess of foreign exportations.

Of all the vast sums which we have borrowed in Europe, (and these borrowings have been principally since the close of the civil war,) no part was really received in gold or silver or now exists here, or ever did exist here, in that form. Europe had no such vast sums in the form of money to loan, and if we could have received them in that form they would have been of little use to us. What we actually did receive was largely useless, but not wholly so. The broadcloth, silks, satins, and wines, were enjoyed, but could have been dispensed with. There were doubtless other values, which still remain among the productive forces of the country, but the proportion of such values is indeterminate and, it may be feared, is not large.

The effect of these extraordinary outgoes and receipts upon prices of merchandise, in the countries which are parties to them, is by no means a matter of merely curious speculative inquiry. We shall find in it an explanation of the leading commercial movements of recent times, and an important element of the calculations by which the commercial movement of the future may be forecast.

It has been during the last thirty years that international lendings and borrowings have been on the most extraordinary scale, and it is during that time that England has been chief among the lenders, and this country chief among the borrowers. How prices of merchandise in both have been affected, while these lendings and borrowings were in progress, is very easily determinable as a matter of fact.

The *Westminster Review*, (January, 1876,) published tables showing that the aggregate of the National debts of the world had increased from £1,731,000,000 in 1848 to £4,577,889,000 at the end of 1875, which is, in round numbers, an increase from 8,395 million dollars, to 22,202 million dollars. Of course it is only a portion of these National debts which became the subject of international financiering, as the greater part of them are held in the countries which create them. But the sudden and enormous growth of these debts is an illustration of the borrowing and lending tendency of recent years, and may be taken as a proximate indication of the ratio of the increase, during the same time, of international borrowings and lendings, and upon all forms of security, national and corporate. The lenders have been the capitalist nations of Europe, and especially England, which is pre-emi-

nently the capitalist nation of the world. What England loaned was really the product of her manufactories and mines, and it is well known that they were both wonderfully stimulated while these financial operations were in progress. England has produced more than the nations had the means in hand to pay for, but has taken their bonds for all balances. Purchasers on credit are notoriously less critical about prices than purchasers for cash. England was a liberal lender to customers who were in all senses liberal purchasers. The operation seems to have been pushed as far as it safely could be, and not improbably a good deal further. England dares not take any more bonds, and is more than doubtful about the security of what she now has. The losses have begun. Turkey, Peru, Paraguay, Roumania, and several other countries, have thrown up the sponge. Egypt was tided over, as respects actual means, something more than a year ago, by a friendly British purchase of Suez Canal shares at fancy prices, and more recently as respects a show of credit, by an attractive table of figures, prepared under the direction of Mr. Goschen, a British Commissioner deputed for that purpose. Russian bonds begin to be regarded with decided suspicion. But whether her losses come sooner or later, and are more or less, England sees, or will see, that her position in respect to foreign loans has reached that stage in which it diminishes rather than increases the sales of her goods and wares. When she was making loans, she was adding to the means of her customers, and they were buying her goods profusely. But now that these foreign nations must pay the interest on old loans, instead of receiving the principal of new loans, they must restrict their purchases accordingly. England cannot have two good things at one time. Doubtless she may enjoy her right as a creditor to receive such interest as is not lost by bankruptcy and repudiation, but she cannot sell goods at round prices to nations which have their hands full in the business of paying off old scores. She is in the condition of an accommodating merchant, to whose sales and profits there seems no end, but to whom the end comes at last in a magnitude of credit balances, which he dares not increase, but the growth of which he can only arrest by an inconvenient curtailment of trade. The British condition is even worse than that. England was said by the first Napoleon to be "*a nation of shopkeepers*," but is more truly a nation of manufacturers. A mere merchant may close his warehouses and limit his losses to the depreciation of his stocks. But the manufactories of a nation, so thoroughly dependent upon manufactures as England is, cannot be closed at any less cost than that of national ruin.

The actual condition of British trade will appear from the following figures of the real value of the imports and exports of Great Britain and Ireland, for the calendar year 1876, taking the pound at $5:

IMPORTS.

Foreign and colonial merchandise	$ 1,870,018,855
Gold and silver, excess of imports beyond exports	37,966,355
Total	$ 1,907,985,210

EXPORTS.

Domestic produce and manufacture	$ 1,002,879,280
Foreign and colonial merchandise	56,703,165
Total	$ 1,059,582,445

This great excess of imports, $ 848,402,765, represents to some extent profits of trade and the freights of British shipping, but it represents principally the annual income of British foreign loans and investments. To furnish this income, now that she has substantially ceased making new loans, so exhausts her foreign customers and cripples their means of payment, that England suffers acutely by the diminution in the amount of her exports, and even more by a reduction in the prices of her exports.

If we could suppose a state of things under which all her foreign debtors should become bankrupt, and England should thereby be cut off from the annual receipt of five or six hundred million dollars, more or less, by way of interest from them, it is plain that she would be obliged to reduce either the bulk or the prices of her imports, and doubtless the reduction would be made in both bulk and prices.

Our case has been exactly the reverse of that of England. The United States, instead of being the great lender of the world, has been the great borrower, and most conspicuously after the close of the civil war. It is since then that the most of our National bonds which are held abroad were sold to the foreigner, and it is since then that foreign markets have been found, on a scale never before known, for other forms of American public and corporate credit. These foreign borrowings took the shape, necessarily, of importations of foreign merchandise. As a matter of fact, the prices of these foreign goods so imported were unusually high. Is it not true that this condition of prices was a necessary fact and not an accidental one?

In the first place, experience shows that the expenditures of borrowers are always on the most liberal scale, and always on terms less for their own interest and more for the interest of those with whom they deal, than the expenditures of those who pay for what they buy.

And in the next place, as prices depend on the amplitude and extension of markets, they will be greater when much is bought than when little is. Five years ago, England was forcing the production of rails to the extent of being obliged to double the wages of the labor engaged in the manufacture and in mining the raw materials, in order to be able to meet

the demands of railroads, the building of which was being stimulated by her loans to nations and corporations in every part of the world. Rails cost more and were sold at a greater profit on the cost than they had been before, or can be now. What is true of rails is true of everything else. Prices rise as sales enlarge, and all the nations which were receiving unusual amounts of British merchandise as the real proceeds of borrowing in England, paid accordingly.

English manufacturers obtained larger sales by reason of English lendings. By a reverse operation, American manufacturers found themselves competed with by European importations, by reason of American borrowings. And as the average rate of interest on American bonds of all sorts sold abroad is probably double the average net income of property in this country, the folly of these borrowings, in all respects, is apparent. Foreign capital loaned here, instead of being an aid, has been an agent of depletion, which would have exhausted anything but the resources of a virgin continent. Double rates of interest have been paid, and to say nothing of sales of bonds at heavy discounts, the proceeds have really been taken in merchandise at doubled prices.

The world is amazed that France bore so well the drain of the enormous fine of 1,000 million dollars, imposed upon her by Germany, and said to have amounted with interest to nearly 1,100 millions before the payments were completed, and all this in addition to war costs, losses and destructions of fully an equal amount. The fact is certainly amazing. It teaches many lessons, as the causes of it are many. But one of them undoubtedly is, that French industry was stimulated and the prices of French products raised, by the payment of the German indemnity. It was made in money only in an inappreciable degree, and the little parted with for the purpose, was soon brought back by the operations of trade. The French possess as much gold and silver as before the Prussian war; possibly somewhat less in circulation in consequence of the suspension of the Bank of France, but a good deal more piled up in the vaults of that institution. And as France borrowed nothing of foreigners wherewith to pay Germany, she must have acquired the means of payment by marketing products which she would not otherwise have marketed, and by obtaining better prices than would have been otherwise obtainable. The facts of this operation are collected in a paper printed by Henry C. Baird, entitled *Lesson of German and French Finance.* In the four years ending December 31, 1874, the balance of precious metals sent from France to Germany, above what was received from Germany by France, was only $139,629,930. What Germany got by the French indemnity was not money, but merchandise, the excess of German merchandise importations over exportations, taking all its trade transactions with other

nations, having been in the same four years $1,132,000,000. And if Germany has any more metallic money to-day than six years ago, it is only to the extent of perhaps 100 million dollars, occasioned by the suppression of bank notes below the denomination of $25. All the rest of the recent German financial movement has been merely the substitution of gold for silver.

Certainly the road to National prosperity is not found in waging an unsuccessful war and in being subjected to a contribution by a victorious enemy. But the French have illustrated the truth, that almost all human misfortunes have mitigations and partial compensations. The amount of the German indemnity was largely reduced by the enhanced prices of the products in which it was paid, and was made up, in part, by the stimulus which it gave to French industry.

If we go to the other side of that memorable transaction, we shall learn another lesson. Nations, while in the receipt of large sums from extraordinary sources, are liberal purchasers in the amounts they buy and in the prices they pay. They also acquire habits of indulgence which continue after the extraordinary receipts are cut off. It makes no difference whether the stimulation of their luxurious extravagance comes from borrowing, from the payment of war indemnities, or from the collection of debts. It is the full pocket, no matter how filled, which makes a good customer, just as it is an empty pocket, no matter how it was depleted, which enforces the duty of economy. It does not require a long memory to carry us back to our own spendthrift era, when we were borrowing on Government and railroad bonds in every money centre in Europe. The German rioting on the French spoils is still more recent.

As described by the London *Times* (October 26, 1876):

"To Germany, the gains of the war acted as incentives to extravagance. As the country seemed to be flooded with money, thousands of families flung aside their old frugality, to run a race of luxury. Berlin became not unlike what Paris had been. Trade was artificially stimulated, but the commercial classes fancied that the prosperity was natural, and they spent in proportion to their expectations."

They are just now recovering from their debauch, which is a less agreeable, if it is a more healthy, process.

Upon the whole, it seems to be established, by uniform experience and by sound reasoning, that a nation from which there is an extraordinary outgo, and without regard to the causes of the outgo, whether it is discharging the interest or principal of debts, or lending money, or paying a tribute, or an indemnity, derives from such an outgo an enhancement of the prices of its products and merchandise, inasmuch as it is only in products and merchandise that outgoes can be made. And it seems to be equally true, that a

nation having an extraordinary receipt, whatever the nature of it may be, whether tribute, indemnity, or the interest or principal of money loaned at some prior time, can only realize such a receipt in products and merchandise, and at prices necessarily raised by the fact of the enlarged market in the receiving nation.

Stating the case generally and approximately, England is in the receipt from foreigners of five hundred million dollars of annual interest, which is paid in fact and necessarily in products and merchandise. It is thus a market for five hundred millions more of the world's produce and merchandise, than it could be if it was not entitled to that sum as a creditor. The prices of such products and merchandise are thus somewhat raised, and the position of the nations which are her debtors, is somewhat relieved. If we could suppose a sudden and complete sponging out of these debts, the nations which owe them would get rid of a burden, but they would also lose a market, and it is this market which in some degree lightens the burden so long as it continues to exist.

The London *Economist* said a few months ago, that if the India debt to England was increased, the exports from India to England must be increased, and must be sold at lower prices. This is correct as to the bulk, but incorrect as to the prices of the exports of India in the case supposed. The writers of the *Economist* fail to perceive the difference between exports for which a return in money is demanded, and exports for which no present consideration is paid, and which constitute an extraordinary receipt of the nation to which they are sent. Where neither extraordinary outgoes, nor extraordinary receipts affect the calculations, the money valuation of the exports of a country cannot be carried beyond the money valuation of the merchandise which other nations are able to give in exchange, and the tendency of an increase of the bulk of exports is to cause a reduction of their price. But no such principle governs when exports are the result of an extraordinary outgo, as the writers of the *Economist* might have seen without looking beyond the lessons taught by the British trade returns. England never obtained higher prices for rails and coals than when she exported the greatest quantities of them, not for pay down, but for national and railroad bonds.

The extent to which extraordinary national outgoes and receipts affect prices, depends, of course, upon their magnitude and the greater or less space of time into which they are compressed.

The French and German case was an extreme one in both particulars, but hardly more so than the case of England, during the three or four years terminating in 1872–3, when its lendings reached their climax. If at the same time with thus marketing railroad iron and coal at double prices,

and other things in proportion, England had taken no bonds which have proved, or may prove, to be worthless, the gains would have been fabulous. And the losses, great already and likely to be greater, may still leave some margin of gain when all the transactions are taken together. We can tell better how that is when we see their final closing up.

The adoption by this country of the policy of paying off the foreigner would usher in an era of prosperity, of which the gains would not be exposed to any substraction for losses. As the incurring of foreign debt meant for us importations at high prices, the discharge of that debt means exportations at high prices. We should not pay in gold and silver, of which we have at present none to spare, but in the products of agriculture and in manufactures. Our capacity to supply them seems practically boundless, and industry languishes because supply outruns existing markets. *Where can we better and more easily find the needed new market than in paid-off creditors?* The additional supply for them can be found, without any diminution of the supply needed to maintain the commercial exchanges which our wants demand, in the labor of those who are now involuntary idlers, but who would be furnished with work by the newer and better policy of exportation and liquidation. France lacked for nothing when producing the millions in merchandise which satisfied Germany. That was a case of stimulating the industry of those who were already industrious. France has but few idlers. The United States have a good many, and a large portion of them are compelled to be so by financial policies which have crushed production under intolerable burdens.

Of a total of 530 million dollars of the German indemnity paid down to October, 1872, only thirty-two millions had been paid in specie. Giving the particulars of this payment, and showing that the 530 millions consisted almost wholly of "*the excess of commodities which France has furnished to meet the ransom,*" the London *Economist* declared that if facts did not prove it to be so, it was "*almost incredible that so vast an excess of exports can have been provided in so short a time with so little apparent derangement.*" Great sums will seem smaller, when we consider them in connection with the industrial capabilities of great populations. It is estimated by some, that there are now in this country two millions of persons, who are able to be workers, and more or less willing to be workers, but who are actually doing nothing from the impossibility of obtaining employment. One thousand million dollars to be paid rapidly in discharge of that amount of our foreign debt, seems to be a large sum. But it will appear much less formidable when we consider that it would be paid, partly by an increase of the quantity of exported commodities, the production of which would set at work perhaps two millions of idlers, and partly by an increase of the prices of what we sell abroad.

THE MONETARY SYSTEM OF THE DOMINION.

BY DUDLEY P. BAILEY, JR.

Not least among the benefits derived by the British provinces from their union, as the Dominion of Canada, has been the unification of their monetary system which was finally consummated in 1871. The basis of this system consists of gold, subsidiary silver and other coins, and legal-tender government notes. The denominations of the monetary units are, and have been since January 1, 1858, the same as in the United States, but the fineness of the coins, like those struck for circulation in Great Britain, is $\frac{11}{12}$ for gold, and $\frac{925}{1000}$ for silver. The gold coins are legal tender for all amounts, the silver for ten dollars, and the copper and bronze for twenty-five cents only, in one payment. The Dominion notes are issued and redeemed according to their tenor in specie at various offices in the Dominion, and are legal tender except at the offices of issue. These notes, like the legal-tender notes of the United States, have green backs. The Receiver General is required to hold, in certain specified proportions, specie and Dominion or Provincial debentures, (bonds) equal in the aggregate to the notes issued. Upon this basis is superimposed a convertible bank-note currency. The banks are required to hold, as nearly as may be, one-half, in no case less than one-third, of their cash reserves in Dominion notes. The currency of the country consists therefore of specie, government notes and bank notes.

It has been the policy of Canada, in marked contrast with that of the United States, to create a comparatively small number of banks having large capitals, instead of many small banks. The paid-up capital of the twenty-eight local chartered banks in Ontario and Quebec, was on March 31, 1877, $62,261,792, giving an average capital of about $2,223,000 to each bank, against an average of about $240,000 to each of our National banks. There is no bank in the United States having so large a capital as the Bank of Montreal. On the other hand, the banks of the Dominion have numerous branches. In the whole Dominion, in January, 1877, there were besides private bankers, about forty-six banks and 258 branches or agencies, in all, 305, scattered among 154 cities and towns. The historical development of this peculiarly constructed system deserves a brief notice.

The first bank established in Canada was the Bank of Montreal, which went into operation in 1817, with a capital of £250,000 ($1,000,000,) authorized, of which £87,500

($350,000,) were paid in the first year. In 1840-41, it had reached $2,000,000 paid up; in 1844-45, $3,000,000; in 1854-55, $4,000,000; in 1860, $5,928,820, and it now amounts to $12,000,000, mostly paid-up, besides a surplus of $5,500,000. It has thirty branches, and probably wields a larger capital than any other bank on the continent. The Quebec Bank, the next in the order of time, is nearly as old as the Bank of Montreal, having been established in 1818, with a capital of £75,000 or $300,000. This has since been augmented to $3,000,000, of which $2,500,000 is paid up. The Bank of Canada was established in 1820 or 1821, and was succeeded in 1833 by the City Bank of Montreal, amalgamated in 1876 with the Royal Canadian Bank, under the name of the Consolidated Bank of Canada. There was, in 1820, a bank at Kingston, in Upper Canada, but the legislature annihilated it, and in its stead established at Toronto, in 1821, the Bank of Upper Canada, with £200,000 capital authorized, and £10,341 paid in. It continued in operation forty-five years and failed in 1866. The Bank of New Brunswick, at St. Johns, the oldest banking institution in that province, and having at present a capital of $1,000,000, was incorporated in 1820. The Charlotte County Bank followed in 1825; the Commercial of St. Johns, (which failed in 1867) and the Central of Frederickton, (closed in 1872) in 1834; the City of St. Johns, and the St. Stephens, in 1836. There were a larger number of independent local banks in New Brunswick in 1836 than there are now. The oldest bank in Nova Scotia is the Halifax Banking Company, established in 1825, carried on as a private bank until 1872, when it was incorporated. Its present capital is $500,000. The Bank of Nova Scotia, at Halifax, with a present capital of $1,000,000, and the Commercial Bank of the Midland District, at Kingston, afterwards the Commercial Bank of Canada, amalgamated with the Merchants' in 1868, were both established in 1832. The Gore Bank at Hamilton, amalgamated in 1870 with the Canadian Bank of Commerce, and La Banque du Peuple, (at first a private bank,) at Montreal, with a present capital of $2,000,000, date from 1835. The Bank of British North America having a capital of £1,000,000 sterling, with its head office in London, Great Britain, was founded in 1836. There was also for several years the Farmers' Joint-Stock Banking Company. These constituted the principal, if not the only, chartered banks established within the present limits of the Dominion, prior to the crisis of 1837. For many years they held almost exclusive possession of the field. The development of banking in Prince Edward Island and British Columbia is comparatively recent, beginning in the former in 1856, with the Bank of Prince Edward Island, at Charlottetown, and in the latter in 1862 with the Bank of British Columbia, at Victoria.

The population of the Canadas, New Brunswick, Nova

Scotia, and Prince Edward Island, in 1825, was only about 860,000, or 2.27 to the square mile, and there was but little accumulated wealth. Their means of communication were poor. There were in 1828 but 101 post-offices, 2,368 miles of mail route, and about 340,000 letters and 400,000 newspapers posted. The currency in these early days, was in a state of great confusion. A writer describing the results of observations, in 1817-18-19, states that the money in circulation consisted of pounds ($4), dollars, shillings, and pence, Canada currency, in Lower Canada, now Quebec, and United States coin principally in Upper Canada, (Ontario,) with some guineas, and French, Spanish, and Portugese coins. Another writer describing the condition of things in 1826-27-28, says: "The money in circulation is chiefly what is called dollar bills, being Provincial bank notes, and the Yankee half-dollars. British coins are very rare and are eagerly inquired after. . . . Money matters are of a perplexing nature. A stock exchange broker would be baffled for some time, to manage them properly, the exchanges and premiums vary so much. . . . There are numbers of shillings in circulation, but being the mintage of all nations, few can tell the exact value of them unless weighed as old silver, which is never done except one has a quantity of them. Every sort of a copper piece is a half-penny. I have no less than 120 different kinds, the greater part of them old copper coins of Britain, and merchants' tokens all over the world. If a lot of farthings be taken to a smithery and receive a blow from a sledge hammer, on the anvil, they will then be excellent Canadian coppers. Rich men are by no means plentiful; indeed a £20,000 man is very rare." The bank-note circulation of Lower Canada in 1825 was $501,480, or a little over one dollar per capita, and the circulation in all the provinces could have been scarcely more than $750,000. Their whole foreign commerce in 1829 amounted to only about $12,000,000. There were in all the provinces, in 1836, thirteen chartered banks, with thirty-two branches or agencies. The returns from twelve of these embracing all except one small bank in New Brunswick, and including the capital of that, give the following results for that year in Canada currency:

Province.	*No. of Banks.*	*Capital.*	*Circulation.*	*Deposits.*	*Specie.*	*Loans and Discounts.*
Lower Canada	3	£525,000	£338,423	£341,445	£152,795	£1,016,925
Upper Canada	3	447,455	429,689	197,228	131,563	814,189
Nova Scotia	1	62,500	87,944	40,276	36,834	68,379
New Brunswick	5	240,188	191,308	104,891	79,103	370,449
Prince Edw'd Is. *Tr. Notes*	–	——	14,780	——	——	——
Total	12	1,275,143	1,062,144	683,840	400,295	2,269,942
Equivalent to U. S. Coin.		$5,100,572	$4,248,576	$2,735,360	$1,601,180	$9,079,768

This statement includes, as part of the circulation for Nova Scotia, £57,000 of Province paper, receivable in payment of duties, but does not include statistics of the Halifax Banking

Company, Banque du Peuple, and other private banks, of which there were two or three in Upper, and three in Lower Canada. The total volume of the circulating medium at that time was estimated by R. Montgomery Martin at $8,300,000, or $6.23 per capita, of which $2,840,000, or $2.13 per capita, were coin, and $5,460,000, or $4.10 per capita, paper.

In 1837 the distrust excited by the political disturbances in Lower Canada, combined with the financial crisis in the United States, brought a pressure upon the banks which they were not prepared to meet. The Bank of Montreal suspended specie payment on the 18th of May, 1837, and the other banks of Lower Canada did likewise. The banks of Upper Canada appear to have held out until March, 1838, when they, too, suspended. The banks of Lower Canada resumed in May and June, 1838, but owing to the unsettled state of things in that province, they were subjected to a heavy run for specie in the following autumn, which compelled them again to suspend early in November, 1838. The banks in both provinces resumed permanently in 1839. After the suspension of specie payments the bank-note currency, then and ever since the principal medium of exchange, began to depreciate, sterling exchange rapidly advanced, reaching a premium of 22 per cent., and prices moved upward in sympathy. The crisis was aggravated by the reckless conduct of certain private banks, such as usually come to the surface in every era of speculation. Among the worst of these was the Agricultural Bank at Toronto, operated by Truscott & Green. Its career was brought to a close late in 1837 or early in 1838 by the flight of its proprietors; and the bank collapsed entirely, leaving unredeemed a large quantity of its worthless paper fraudulently put in circulation by traveling agents just previous to its failure. In both the provinces laws were passed forbidding the issue of circulating notes by unauthorized persons. There was, however, for many years little general legislation on banking, but restrictive provisions calculated to prevent the recurrence of the evils lately experienced were inserted in the charters. The banks were allowed to issue notes from $1 upwards to the amount of their paid-up capital, specie and debentures, but the amount of notes below $4 was limited usually to one-fifth of the paid-up capital. Suspension of specie payments beyond a specified time worked a forfeiture of charter. They were not allowed to owe more than thrice their capital, one-tenth of which they were required to have invested in provincial debentures. Stockholders were made liable to the amount of twice their shares. Banks were also required to make monthly returns, to be published in the *Canada Gazette*. The union of Upper and Lower Canada in 1841 made it possible to bring the banks under more efficient

and harmonious regulations. A tax at the rate of one per cent. per annum was imposed half-yearly on the average amount of the bank circulation in excess of specie and debentures.

In 1850 an attempt was made at a more radical treatment of the question. A free banking law (13, 14 *Victoria*, ch. 21) was passed, by which any number of persons, not less than five, were authorized under certain regulations to associate themselves together as a joint-stock bank, with a capital of not less than $100,000, and on depositing with the Receiver-General certain specified classes of securities, were to receive for circulation bank notes of one dollar and upwards, numbered and registered for the purpose to an equal amount, not less than $100,000, and not exceeding the paid-up capital of the bank. These notes were to be free from the duty of one per cent. imposed in other cases upon the bank circulation. The stockholders in these banks were liable to the amount of twice their shares, unless by agreement they fixed a larger liability. If a bank failed the securities deposited were to be sold, and the proceeds applied first to the payment of its notes and afterwards to the payment of its other liabilities. The chartered banks existing August 10, 1850, were allowed under certain conditions to deposit securities and receive and circulate registered bank notes, on which no tax was to be paid. They might escape this also by restricting their issues within prescribed limits.

The free-banking law remained in force until 1866, when it was repealed, except as to the Bank of British North America, which continued to issue notes of $1 and $2 under it, as it could not do under its charter. As the system of chartered banks had become rooted, and as the Legislature continued to charter banks with greater privileges than could be enjoyed under the general law, the latter remained almost a dead letter. Only a few small and feeble institutions ever came into operation under it. Several of these subsequently obtained charters, but, with the exception of Molsons Bank, not one of them is believed to be now in existence, all the rest having failed, discontinued or been amalgamated with others.

On the 31st of July, 1850, about the time of the passage of the free-banking law, there still remained in the Canadas, besides the Farmers' Joint-Stock Banking Company, (capital only, $100,000,) but eight chartered banks, with a paid-up capital of $11,103,520; a circulation of $5,239,728; deposits $6,097,044, and loans $17,499,592. A period of expansion and great apparent prosperity now commenced. During the years 1852–56 inclusive millions of capital, largely from abroad, laid out upon railroads and other public works, led to extravagant speculations in wild lands. Schemes for new villages and towns were set afloat in every direction, divert-

ing a large amount of capital from the legitimate purposes of trade and agriculture. The high prices of breadstuffs, the influx of foreign capital, and the consequent extravagance which characterized the expenditures of all classes throughout a large section of the country, had the effect of stimulating every branch of trade to an unprecedented degree, and mercantile transactions were carried to an extent far beyond the wants of the country. The foreign trade of the Canadas increased from $29,703,497 in 1850 to $75,631,404 in 1856, or about 155 per cent., and the excess of imports over exports from $3,815,907 in 1850 to $11,537,370 in 1856, or 202 per cent. New banks were multiplied in response to the demand created by this great development of trade. In the six years, 1850–55, eleven new banks were started, of which eight that actually went into operation, had an authorized capital of over $6,700,000. In the meantime the banks already existing were authorized to increase their capital to the amount of over $7,700,000. In the two years, 1856 and 1857, five new banks were incorporated, with an authorized capital of $9,000,000, and in 1858 another with an authorized capital of $3,000,000, besides an increase of $2,000,000 granted to the Bank of Quebec. This list is incomplete, but the whole number of new banks started from 1850 to 1858 inclusive, counting those organized under the general law, was at least seventeen, and the new capital authorized upwards of $27,400,000. The demand for bank accommodation was pressed to the utmost limit. On the 31st of December, 1856, thirteen banks (being all except the Gore Bank) with a paid-up capital of $20,705,540, deposits of $11,922,456, and a circulation of $14,496,602, had extended their discounts to $45,738,660, an increase of 160 per cent. over 1850. Their specie was $3,930,739, against $1,436,444 in 1850.

The culmination of this speculative period in 1857 was followed by a disastrous reaction. The expenditure upon public works was curtailed in 1857 and nearly ceased in 1858. The harvest of 1857 was deficient and that of 1858 more so. The land speculation had absorbed the means of many a farmer and diverted him from the proper cultivation of his farm. The foreign trade declined to $52,550,461 in 1858, the imports falling $14,506,535 and the exports $8,574,408 in two years. The exports showed the earliest recovery, and in 1860, on a total trade of $68,955,093, slightly exceeded the imports. The older banks, without exception, passed successfully through the crisis, but some of the newer and weaker ones succumbed. The Colonial Bank, established in 1856, and the International in 1857, failed after a short run in the autumn of 1859, the former with $119,021 and the latter with $75,300 of notes in circulation by their latest returns, a large portion of which was a loss to the public.

The Bank of Western Canada, established in 1859, became insolvent, and wound up in 1860. The Bank of Brantford, chartered in 1857, withdrew from business in 1863, and in the same year the Bank of Clifton, formerly the Zimmerman Bank, originally started under the general law, but incorporated in 1855, had its charter revoked on account of its insolvency. Of the millions nominally constituting the capital of these banks, but a small fraction had been paid in. On the 31st of January, 1861, the paid-up capital of the banks then in operation, fourteen in number, was \$25,710,516; their circulation \$12,832,657; deposits \$16,292,253; specie \$4,340,546; discounts \$41,236,525. The discounts continued to decline until August 31st, 1861, when they were only \$38,559,279. Except for a short time in 1864 the discounts did not, until the latter half of 1866, again reach the amount at which they stood at the close of 1856. The circulation declined to \$8,066,202 in 1865, and, except in the autumn of 1861, did not again reach the figures of 1856 until May, 1870. The foreign trade increased but slowly, reaching \$96,479,738 in the year ending June 30, 1866.

In the six years, 1861–66, eight new banks were chartered in the Canadas, which, with the Bank of British Columbia, had an authorized capital of \$13,500,000. On the other hand, the Intercolonial Bank withdrew from business in 1865, and on the 18th of September, 1866, the Bank of Upper Canada failed, with \$3,734,000 of liabilities, besides its paid-up capital of \$1,937,287, most of which was lost. It has since gone into liquidation. In 1867 there were, in what is now the Dominion, about 32 parent banks and 153 banks and branches or agencies in sixty-four cities and towns, against 23 banks and 123 banks, branches and agencies in fifty-three cities and towns in 1860. There were 18 banks in the Canadas, 4 in New Brunswick, 5 in Nova Scotia (besides the Halifax Banking Company), 4 in Prince Edward Island, and 1 in British Columbia. In Nova Scotia the banks were allowed to issue no notes below \$20, but the government had for a long period circulated Treasury notes of \$4 and \$5, of which there were outstanding in June, 1866, \$502,488. The government of Prince Edward Island also issued Treasury notes in denominations of five shillings, Island currency (about 83 cents), and multiples thereof up to £5, of which there were outstanding in August, 1866, \$36,800. The *Year Book* of Canada for 1867 gives the following approximate statistics of the banks in the provinces for 1866:

	Paid-up Capital.	*Circulation including Prov. Notes.*	*Deposits.*	*Specie.*	*Discounts.*
Canadas	\$30,000,000	\$12,000,000	\$28,000,000	\$6,000,000	\$44,000,000
New Brunswick	2,200,000	1,250,000	1,400,000	350,000	4,000,000
Nova Scotia	2,000,000	2,000,000	2,000,000	800,000	4,500,000
Prince Edward Island	200,000	250,000	150,000	50,000	500,000
Total	\$34,400,000	\$15,500,000	\$31,550,000	\$7,200,000	\$53,000,000

As compared with 1836 the capital of the banks had increased nearly seven-fold, their circulation less than four-fold, their deposits more than eleven-fold, their specie four and one-half times, and their discounts nearly six times. The circulation still amounted to only about $3.87 per capita against $3.20 in 1836, while the deposits were $7.89 per capita against only $2.06 in 1836. This large increase of deposits, which during the previous ten years of depression had more than kept pace with the growth of population, while the circulation had on the whole declined, indicates an extension in the use of the banking machinery by the substitution of checks for currency as a medium of exchange.

(To be concluded in August No.)

BANK CLERKS' PROVIDENT FUNDS.

[FROM THE LONDON BANKERS' MAGAZINE.]

There is evidence in the proceedings of those banking companies in which provident funds have been established among the officers and employés, not only of the permanence of the funds, but of their continuous extension, modification and improvement. The whole work hitherto has been a work of progress towards fuller and better arrangements. Originating often in benevolent contributions in cases of extreme necessity, the idea gradually developed in favor of more systematic arrangements, in which the recipients, unless their claims lapsed through their own misconduct, should partake as of right in the benefits. Rates of contribution were agreed to; the nucleus of a fund formed; and as the interest of the officers and servants of the company themselves increased in the subject, what was confined to a few became more general, till the directors and managers, seeing the importance of the system, gave a great impulse to the movement, meeting in some cases the employés more than half way, placing the funds on a stronger and broader foundation, adding new elements of provision, and helping to place all the regulations in a legal, binding, and permanent form. When the system was thus far consolidated it has sometimes been made compulsory, and embraced all in the employment of the company.

This has been much the course followed in the case of the Scotch banks, where some provident association among the officials and clerks was early taken up, and has been steadily extended and improved; though in no case, probably, has it yet assumed quite so large and varied a scale as in some of the greatest London banks. The arrangements in Scotland, however, are everywhere well spoken of, have been satis-

factory and prosperous in their results, and probably had considerable influence in extending the movement in the metropolis.

The provident funds of the Scotch banks, with the exception of a Guarantee Fund in some few cases, have been directed chiefly to the endowment of the widows and children of deceased officers and other employés.

The fund of the Bank of Scotland for the latter purpose was established in 1821, and has thus had more than half a century of successful operation and experience. It is wholly conducted by the contributors, who have an annual general meeting for the revision of rules, and the appointment of a committee of management, in which the treasurer of the bank sits *ex officio.* But the rules are approved and confirmed by the directors, who are, also, final arbiters in any dispute arising in connection with the fund; and under this sanction the system has become obligatory on all in the service having a salary of £30 or upwards, including messengers and other servants of the bank. The latter take a lower interest in the fund than the clerks and officials, which, however, may be increased from time to time; and they have votes at the annual meeting in proportion to their interest. The contributions to the fund are annual payments according to the amount of salaries; an entrance fee, increasing with the number of years of age above 21 at which one enters the service; a marriage-tax; an equalizing tax in event of the age of the husband exceeding that of the wife, and in proportion to that excess of age; and a child tax, in lieu of marriage tax, in the case of the entrant being a widower with a lawful child or children under age. The annuities granted are strictly alimentary, and it is provided that they shall not be subject to arrestment or any other legal diligence, or forestalled or discharged by any annuitant. From the peculiarity of this system it may be presumed that, having been founded at an early period, and having proved always adequate to the purposes in view, it has retained its original outlines, subject to such minor modifications as may have been adopted at the annual general meetings. The marriage tax might also be objected to as an unhandsome embargo on matrimony, but more probably it has only the effect of inducing the officers and employés of the bank to prepare all the better for the great event of life, and ample reason is found for it in the fact that it is only the married men, and widowers who have children under age, who benefit from the fund. The bachelors go on paying cheerily a lower annual rate than the married men, conscious that by a little fine on the salaries they are doing a good and proper act in itself, as well as preparing for that consummation of their own happiness which all the Benedict class of people are well known to entertain to the last hour of their lives. The Widows' and

Orphans' Fund of the Bank of Scotland, invested in Government and approved stocks or in real and heritable securities under instructions of the committee of management, and as often as practicable placed in the names of the Governor and Company, or of three of the bank's officers as Trustees, is in a highly prosperous condition. We are informed that the annuities which the contributors have to dispense are, at the present time, £45 to a widow, and the same to the children, being minors.

The Officers' Widows' Fund of the Royal Bank of Scotland appears, from the original contract, to have begun as far back as 1820; and it is now consolidated and regulated by an Act of Parliament passed in 1870. It appears from the preamble of this Act that the annuity payable from the fund at that time to the widows of deceased officers and clerks was £80, and to the widows of deceased porters £20 per annum; and that the fund having been calculated to be sufficient to yield annuities of £100 in the one category, and £25 in the other, it was expedient to extend the fund more generally among the officers and clerks of the bank, not only in Edinburgh and Glasgow, to which it was originally confined, but in all the branch offices, therefore it was desirable that this Act should be passed. The Act, in effect, provides that the widows of contributors to the then existing fund shall receive annuities of the amounts named in the preamble, on a continued annual payment, in the case of officers and clerks, at the rate of £4, and in the case of porters at the rate of £1; and that the annuities of widows of future contributors shall pass under three classes—£60, £40, and £20—according to a scale of payment annexed to the Act. The purchase of an annuity for the widow and children under age of a marriage is more onerous than might seem. It is as different as possible from the payment of a fixed sum on a policy of insurance at death. A capital sum of £100 at death, for example, may be purchased at 25 years of age for an annual payment of £2 or less. But if the right of a widow or children, or both together, to an annuity of £100 should extend, in the course of nature, only over ten years after the decease of the head of the family, the liability of the fund would be £1000. The scale of payments for annuities to widows and children, annexed to this Act, is consequently formidable enough to those who may not be initiated in these matters. An unmarried man for example, of 22 years of age, must begin to pay £6. 8*s*. 7*d*. a year to secure an annuity covering the surviving life or widowhood of his supposed wife, and the minority of all his supposed children. If a man be already married at 22, he must begin to pay £10. 1*s*. 5*d*. a year. And these rates increase on both sides at every subsequent year in which the action is taken, till at 46 the bachelor and the married man

have to pay precisely the same annual sum to secure the same results, viz., £16. 10s. The actuaries work out strange but still very accurate results. There is just as much probability that a bachelor of 46, or even to 56, will marry a lady much younger than himself, and leave at his decease a number of young children, as that a man, having married at any time between 36 and 46, will have done substantially the same thing as regards an annuity for his relict and offspring. It may be observed that the Royal Bank Act, though entitled the "Officers Widows' Fund Act," applies to lawful children of marriage, with or without widow, as in the case of the Bank of Scotland, though it is put more clearly in the Act of the Royal than probably elsewhere. If the wife has predeceased the husband, the annuity falls to the children in minority; and if the wife survives the husband, the annuity still falls to the child or children then in minority. The minority of son or daughter alike extends to 21 years of age, and nothing can be clearer than the words of the clause declaring the status of the children—"that the right of such children to the said annuity shall cease on their respectively attaining the age of 21 years, and shall accresce and devolve to the other child or children (if any) under that age." The claim of the children to the annuity has the same effect whether the widow die or marry again. The Act of the Royal Bank gives contributors the power, by deed or writing, to apportion the annuity one-half between the widow and the children. There is, also, a clause in the Royal Bank Act maintaining the marriage and equalizing taxes of the original system. That is to say, a contributor who has entered as a bachelor, is required on his marriage to pay £5 to the treasurer of the fund, and one pound more for every year his age exceeds that of his wife—this being obviously a point of honor between the bachelors and married men of the Scotch banks, all, no doubt, hovering equally on the verge of Hymen, but every one more audacious than the rest in entering the temple being deemed fair prey for a few pounds more to the fund. Though there must have been much merriment over this part of the question in the Scotch banks, yet it all seems to proceed on a scientific calculation. The one pound more for every year the age of the bridegroom exceeds that of the bride is very significant, and goes down, indeed, to the depths of social philosophy.

The Act, 1870, of the Royal Bank of Scotland, transferred the whole property and effects of the then existing fund to a body of trustees, consisting of the principal officials of the bank, under the guarantees already described to the then present contributors, and inaugurated a rate of payments on a scale of annuities suited to the various classes of employés in all its numerous offices. But the fund remained one and indivisible. A contributor entering under one amount of

annuity could rise to a higher under carefully estimated provisions; and if a contributor should leave the employment of the bank, he could either continue his contributions plus 20 per cent. and retain his interest in the fund, or surrender it on valuation, without being entitled to claim repayment of any part of the contributions he had paid. This system, though regulated of late by an Act of Parliament, has hitherto been entirely voluntary in its operation. The number of contributors at Candlemas, 1876, was still no more than 101, and yet the excess of income over expenditure for that year was £1,820, and the total invested funds £29,445, of which £11,210 consisted of Royal Bank stock, bought for the fund and appearing in the balance-sheet at £16,253, but now worth £26,544. For every contributor there was in reality nearly £300 of invested funds. It would appear from the report of the last annual meeting that there is some disappointment that the membership has not increased more rapidly than it has done, and measures are in progress to give the scheme a broader compass. Very probably the system of provisions for widows and orphans in the Royal Bank of Scotland will gradually become obligatory on all the officers and employés of a certain age and salary, as in several other cases, with probably a reduction of the payments.

The National Bank of Scotland, proceeding on a voluntary contract among the officers and employés to raise and maintain a fund for the benefit of their widows and children, resolved by a minute of directors in 1857 that all persons thereafter entering the service of the bank, should be bound, as a condition of their appointment, to become members of this Annuity Fund. The British Linen Company, the Commercial, and probably one or two more of the Scotch banks, have similar funds, directed mainly, as the rule in Scotland appears to have been, towards provision for the widows and orphans of deceased employés of the banks. But, not to repeat, let us take the case of the National, whose procedure was somewhat different from that of the older banks already mentioned.

The National, seeing that the question of provision for widows and orphans chiefly concerned married men, adopted the Carlisle tables regarding that branch of insurance as the basis of the payment of their married employés; but, to connect the scheme throughout, required from unmarried employés, in receipt of £50 salary and upwards, an annual payment to the fund of £2. 2*s*., irrespective of ages. And, in the same sense, when the wife of a married member died, and he had no children, or when he had no children in minority or under twenty-one years of age, he ceased to pay the married rate, and was only liable for the uniform payment from all unmarried members of £2. 2*s*., unless, indeed,

he married again, in which case he was rated once more on the matrimonial scale. The minor rules of the National Bank, with respect to the claims of widows and children, follow much the same model as that of the older banks in Scotland, only there is no special tax on the event of marriage, or equalizing tax for the excess of age of the bridegroom over the bride, as in the cases above noted. But as the scheme of the National contemplated only a maximum annuity of £20 to any widow, the payments, of course, were less heavy, and may have carried all the less interest both among the directors and the officials.

It may be observed of all these Widows and Orphan Funds of the Scotch banks that they are supplemented by donations from directors and others, and are supported throughout in a generous spirit. In every case the anxiety seems to be to increase the annuities on a dependable basis. The funds and their liabilities are specially investigated by actuaries at stated periods—generally every five years—and the committee of management is more or less liberal in its dispensations of amount of annuity as the report may advise. There is usually a proviso that the annuities may either be increased or diminished as the state of the fund may impose. But hitherto the optional proviso thus reserved has been exercised on the line of increase.

We believe that it has been the practice of the Scotch banks to grant retiring allowances or pensions to such of their officers and servants as from long service, illness or other sufficient reasons, may have retired from active duty, and these payments were in the ordinary way debited to the annual charges of the bank. It occurred, however, to the Clydesdale Banking Company that it would be a desirable thing to set apart a distinct fund from which these allowances could be drawn. The following clause from the report of the thirty-seventh general meeting of the partners held on February 3rd, 1875, shows the conclusion to which the directors came on this subject:

"The bank having now been established for upwards of thirty-six years, the directors have had to consider the case of several officers, who, from advancing years and length of service, might fairly look forward to be released from active duty, and they would recommend to the partners that the board should be authorized to form a Superannuation Fund, for the purpose of meeting such retiring allowances, as they may consider warranted by the circumstances of each case."

With respect to Guarantee Funds, the Bank of Scotland and the Clydesdale have probably the lead of other Scotch banks in an integral system of security, founded on the contribution of their own officials, and exercising a common influence through the whole service. The regulations of the Bank of Scotland in a department, generally well attended

to by all the banking companies in one form or other, may not be unworthy of note. The bank requires from every officer an amount of security fixed from time to time by the directors—the minimum amount being £500—and, in lieu of the ordinary modes of finding such security, has deemed it best and most expedient to call upon every officer to pay to the credit of the Guarantee Fund *2s. 6d.* per cent. per annum on the amount of security attached to his office. The directors contributed to the fund £500 during each of the first four years of this system. The fund, while credited with the contributions from the bank and the annual payments of the officers, was to be debited with all losses which might be sustained by the acts or defaults of any officer, so far as the same might not be recovered from the officer himself; but the demand of the bank on the fund should be limited to the actual sum for which the defaulting officer was required at the time to find security. The fund was to be placed in deposit with the bank at four per cent. interest, and when the balance at the credit of the fund reached £10,000, and so long as such balance was maintained, the surplus was to be carried to the Widows' Fund. When the balance at the credit of the guarantee amounted to £8,000, further payments from officers who had contributed in all £1 per cent. of the amount of security required from them stopped, and will not be resumed till the balance of the fund was reduced to £7,000. They might then be called upon to contribute *2s. 6d.* per cent. on the amount of their security till the balance rose again to £8,000. This arrangement was not to relieve any officer from a personal bond of security to the bank, which would remain in every respect the same as if the Guarantee Fund had never been constituted; but it was provided that all cautionary obligations held by the bank from the officers should, six months after their first contribution to the Guarantee Fund, be discharged. In the case of officers who contributed the full premium required by the Bankers' Guarantee and Trust Fund of London, and were not members of the Widows' Fund, they should not be required to contribute to the Guarantee Fund so long as the other security was satisfactory to the directors. But officers holding the security of the Bankers' Guarantee and Trust fund, who were members of the Widows' Fund, would be held to be in the same position as those who had paid *20s.* per cent. to the Guarantee Fund, and would only be required to contribute to that fund equally with them. This is the system of guarantee in operation in the Bank of Scotland for the last seven or eight years, and the result, we believe, has been there the same as in other cases. The Guarantee Fund is entirely prosperous. Four or five years' contributions from the officials in a lifetime, or half a lifetime, keeps it full; and

so far from being a burden on the hard-working clerks of the banks, it relieves them from the heavier cost of the Guarantee Companies, or the still more disagreeable burden of finding private cautioners.

SOME EMBARRASSMENTS OF THE SILVER QUESTION.

Until recently I had accepted as true the British idea in finance, that gold only should form the monetary standard of the world. On some reflection I find my faith growing weaker, and grave doubts taking the place of former confidence in the wisdom of the demonetization of silver. I have no doubt that it would be better if there were but one metal in use; the fact remains that there are two, and we must take things as we find them. The question is, whether it is wise or safe to discard an agent which has been in use so long, which in some countries is used exclusively, and in others in conjunction with another agent of equal power and usefulness. Can either of these agents safely be cast aside after their long service to the world?

The amount of silver in use as money is said to be something over 3,000 millions. Assuming that a large percentage of this amount is to be withdrawn from the volume of the medium of exchange of the world, we should have nearly 3,000 million dollars worth of metal, which has been in active use in a certain employment, withdrawn from it and put on the market for other and entirely different uses. There must then be a largely increased demand for it in the way of plate, jewelry, etc., or it must be used for some purpose where it has not been used before, or it will become a drug in the market. Heretofore it has had a value imparted to it as a measure of values in other things; this value would be entirely taken away by its demonetization, and the only value it would possess would be that which it might have for the manufactures. By its demonetization it would lose its dignity, and must descend into the ranks of ordinary metals; the fact that it might be worth more than lead or copper would not prevent it from being thus classed. To what extent it would be used in the manufactures, would be determined largely by its value. If it should not decline in price to any great extent, the demand for manufacturing purposes would not be largely increased, probably not to exceed the amount that would be produced from the mines. If it should fall very much in price, the demand undoubtedly would be enlarged, but can we assume that the demand would be great enough to take up the large amount that would be on the markets, and which must be sold at some price?

Under the circumstances in which we should thus find silver, what its price would be we have no means of estimating, but to assume that the decline in price would be small would be to assume something contrary to all human experience in other things. Suppose the decline in price should be only ten per cent., the loss to the world would be 300 millions; if twenty per cent., 600 millions; if thirty per cent., 900 millions; if fifty per cent., 1,500 millions. I do not know that we should be justified in limiting the decline at any of these figures, for we have no data to go upon unless we take the recent decline in silver, which I think will fairly illustrate what we may expect from its demonetization. We have seen silver fall from sixty pence per ounce to forty-six and three-quarter pence. This great decline I think was due to two causes, the appreciation of gold brought about by the accumulation in France and Germany, to meet the new wants, first in France for specie resumption, and in Germany for the purpose of replacing with gold the silver which had been demonetized, and was finding its way to the bullion market.

We see that the increased demand for gold of necessity enhanced its value, and the disuse of silver in Germany lessened its value, for the simple reason that the supply was greater than the demand. The two causes combined, undoubtedly made the difference between gold and silver greater than it would have been either from the increased demand for gold, or the natural increase of silver from the mines. There were doubtless other forces at work at the same time, but I think the two which I have mentioned were the principal causes of this serious decline. All silver, in whatever form must share the same fate with coin, which would add to the loss on coin, and swell the amount to a considerable degree. All this loss would fall directly on the owners of silver, but every nation must feel this loss by the effect it would have on the commerce and industries of the world. To the extent of the whole amount of loss on silver must the impairment of the ability to purchase and pay for goods be felt by every industry, the result of which would be depression in business, and a largely decreased demand for labor. Great as the direct loss on silver would be, and the effect on business, I think the test of this question is not what the effect would be on silver, but what it would be on all other things, which are now measured by gold and silver combined. Nearly one-half of the coin in use being silver, what would be the effect on the price value of all kinds of property, if we destroy nearly one-half of the money of the world and transact all business on the basis of what remains?

It is conceded that the amount of the gold and silver which circulates as money fixes the price of all other commodities. Whenever the medium of exchanges becomes enlarged either

by an increase of the metals or by an irredeemable paper currency, prices advance until they reach the point where a further increase cannot take place without being preceded by an increase of the medium of exchanges. It is equally true that when we contract the medium of exchanges prices fall and if, from any cause the contraction be prolonged, depression will set in, labor be unrewarded, and hard times the complaint on every side. It follows, that if the money of the world be reduced nearly one-half, prices of commodities must shrink so as to meet the new condition of things, unless there be an increase of the metal which should be the monetary standard of the world. The most sanguine advocate of the single standard will not claim that there will be such a production of gold as will fill the place of silver after its demonetization; therefore prices of commodities must fall so as to meet this new condition of a reduced volume of the medium of exchanges. If prices do not fall with the reduction of the amount of money at command, it will be because other devices will be resorted to to supply the place of the demonetized silver, and it is easy to guess what these would be. The commerce of the world would be carried on with less coin and more paper money; the financial structure of the world would have a foundation less solid than the present one, which is not too strong, but the contrary, for one of the great causes of distrust is the immense superstructure of credit on a foundation of coin not broad and strong enough to bear any great strain without causing serious trouble. If credit should take the place of coin driven out of use, it seems to me we should not have specie payments at all, but a chronic condition of suspension and irredeemable paper money. While suggesting that an era of irredeemable paper money might follow the demonetization of silver, the probabilities are that the resulting evil would come in a great shrinkage in values.

The volume of public and private debts is large, and whatever may take place the debts will remain unless paid; but changes may occur which will render the property with which these debts must be paid of only one-half its present value, and thus double the burden of the individual as well as of the National debtor. It cannot be wise to deliberately bring about a condition of things which will reduce the value of all the property by virtue of which these debts were created, thereby diminishing the ability to pay the debts already in existence. It is not wise or just to make any arbitrary change which will affect the rights and interests of the creditor class adversely; neither can it be wise or right to pursue a course which will add to the already heavy burden of the debtor class. Would it not be better for the whole world to adopt the bi-metallic system, with its imperfections, rather than go through the great

dangers, and possible bankruptcy, which may follow the demonetization of silver?

If the difficulties above mentioned are imaginary, then of course they do not constitute any valid objection to the demonetization of silver. But if they are real, and if we find that whenever the medium of exchange is permanently enlarged, either by an irredeemable paper money, or by gold or silver, that there follows as a natural result a rise in prices; and if we also find, whenever the medium of exchange is permanently contracted by either the redemption and destruction of the hitherto irredeemable paper money, or by the falling off in the production of gold or silver from the mines, or by its absorption in the manufactures, or any other cause, that prices fall;—if in fact we find that what is a principle in currency, and a law that works with an irresistible power in the one case, does not suspend its operation in the other, then we may well hesitate before we join the army of the single standard—we may well ask ourselves if what we shall gain by demonetization will compensate for what it will cost. From this view of the question, what would be the true policy for the United States? Ought we to remonetize silver? No, for by so doing, unless in unison with the other leading nations which have demonetized it, we should be making this country a reservoir into which would flow the discarded silver of Europe. If thus far my reasoning has been correct, the United States would not only have to bear its share of the trouble that must come to all the nations, but must also bear the direct loss on a large amount of silver which the nations engaged in demonetization should be made to bear alone. While I believe that demonetization must ultimately bring great trouble upon the commerce and industries of the world, I cannot see that remonetization by the United States alone would prevent the trouble. It would undoubtedly give a temporary check to the decline in silver, and relieve Germany from the embarrassment which it has brought upon itself, but it would be at the expense of the United States. It seems to me that the true policy for us is to watch and wait; that we should not remonetize silver at present, neither should the influence of this country be in favor of a general demonetization of it, but on the contrary, we should do what we can to arrest the growing distrust of the value of silver for monetary purposes, for apparently there is no more reason for the present fear about silver than there was some twenty-five years ago that the mines of California and Australia would produce gold in such quantities as to destroy its value for a monetary standard, and which led one of the states in Europe to demonetize it and make silver the standard.

GEORGE A. BUTLER.

NEW HAVEN, Ct., June, 1877.

ALTERATIONS IN CHECKS.

The article below, which is from the *London Law Times*, is of interest mainly as showing how different are some of the banking customs of the mother country from those of our own. In the United States no bank teller would, under any circumstances, pay a check which had been altered from "bearer" to "order," unless it should bear the indorsement of the payee named. And he would rigidly require the identification of the holder of the check, if a stranger. The fact that in England such identification is never required, would seem to render compliance with an apparent necesssity—viz: the payee's indorsement—so easy that its omission is inexplicable to an American.

There is, however, in this article, an allusion to another custom in Great Britain, which is worthy of observance here. This is, that any alteration in a check is to be authenticated at the spot by the *initials* of the drawer. With us, any informality is usually guaranteed by the holder of the check at the time of its deposit or payment. The "initialing" shows that the alteration is the act of the creator of the instrument, and places the correctness of such alteration beyond cavil. It would be well if every bank should insist upon the use of this simple safeguard and precaution—especially in view of the fact that alterations which prove to be fraudulent, are by no means rare.

"We are informed that there exists among bankers a notion widely prevalent and acted on without much or any hesitation, which comes as a surprise upon us, and which also, we think, will surprise many of their customers. As our readers know, it is the practice of banks to supply their customers with printed forms of cheques in which the words "bearer" or "order" are printed as part of the form. The introduction of the printed forms for payment to "order" is of somewhat recent date, and we fancy that the rise of the notion to which we are about to call attention is, in some degree, attributable to the custom of issuing these printed "order" forms instead of the older and general forms for payment to "bearer." The notion of the banks is, that if the drawer of a cheque uses a printed form for payment to "bearer," and the cheque when presented shows a cancellation of the word "bearer" and a substitution, by interlineation or otherwise, of the word "order" (such alteration not being authenticated by the signature or initials of the drawer) the bankers are at liberty to pay the amount of the cheque to any bearer of it, without regard to the payee specially named, and without requiring his endorsement—in fact, to ignore the alteration altogether, and to act on the cheque in its unaltered form, and to do this whether the cheque was or was not altered by or with the consent of the drawer, and whether the alteration was previous or subsequent to the issuing of the cheque.

"Considering the numbers of cheques which are altered from "bearer" cheques to "order" cheques by the uninitialed alteration of the drawer, it is of importance, both to bankers and customers, to understand whether this notion of the bankers is well founded. If the bankers be right in their contention, a debtor who is authorized by his creditor to remit the amount of the debt by cheque

payable to the creditor's order, would clearly have to pay the money over again, should he remit by a cheque altered from "bearer" to "order," but uninitialed, and the bankers should pay some one else without such "order" or indorsement.

"We entertain a strong opinion, however, that the bankers in this instance are entirely in the wrong. The cancellation of the word "bearer" with the substitution of the word "order," is no doubt a material alteration, and it lies upon the holder to show when, by whom, and under what circumstances, the alteration was made. Until the bankers are satisfied that the alteration was made by the drawer, or with his consent, they are justified in withholding payment, even if so satisfied, they may further, *strictissimi juris*, having regard to the provisions of the Stamp Acts, require to be satisfied that the alteration was before the issuing, so as not to call for an additional stamp, since the provisions of the Stamp Act, 1870 sec. 54, sub. sec. 2, as to adhesive stamps for a bill of exchange (which, by sec. 48, includes a cheque), for the payment of money on demand liable only to the duty of one penny, appear to be permissive, and not obligatory on the drawee. The drawee may, if he pleases, procure, affix, and cancel the adhesive stamps, and if he chooses to pay, *must* do so, but he is, as we imagine, entitled to say that the draft is an imperfect one, and that the drawer or holder must, if he wants his money, present a properly stamped instrument. Such we conceive to be the strict right of the bankers in such a case. To that extent a banker could properly say that he was not bound to recognize an alteration not satisfactorily accounted for. It is quite another thing for him to say that he shall act on the cheque by complying with what he assumes to have been its form when issued, or to say that he shall ignore the actual state of the cheque at the time of presentation, and shall not even take notice or inquire whether at that time it is or is not, from its appearance and the alterations in it, *prima facie* an invalid instrument. A banker is certainly not liable to his customer for refusing to honor a cheque presented in such a condition. As a negotiable instrument it is, until the alterations or other suspicious marks on it are explained—the onus of explanation being on the holder—to be regarded as an invalid instrument, and that, whether the alteration operate or not for the benefit of the drawer or maker. See *Gardner* v. *Walsh*, 5 El. and Bl. 83; and on the subject generally, *Master* v. *Miller*, 1 Smith L. Cases 1871, and notes thereto, 7th edition.

"As at present advised, we hold that a banker who pays to bearer without the authority of the payee specially named, or, to speak more correctly, without requiring an indorsement purporting to be his signature, and the genuineness of which the banker has no sufficient reason to doubt (see 16 and 17 Vict., c. 59, s. 19), a cheque which, on the face of it, at the time of presentation, is a cheque payable to a special payee or his order, could not possibly be permitted to charge the drawer with such payment, on the plea that the word "order" had been substituted by an uninitialed alteration for bearer, if in fact, such alteration was made by or with the consent of the drawer.

"A banker's strict right, and perhaps his only safe course in such a case, is to refuse payment until satisfied that the alteration was made by or with the drawer's consent; for it would, we suppose, be competent for the drawer to contend that an alteration otherwise, if material, operated in law as an absolute revocation of his mandate to the banker. This view is supported by the very recent case of *Vance* v. *Lowther*, in the Exchequer Division, 34 L. T. Rep. N. S. 236, where it was held that the transferee, for value, of a cheque, the date of which had, without the knowledge of the transferee, been altered from the 2d to the 26th of the month, without the authority of the drawer, could maintain no action on the cheque, the same having, in point of law, been altogether invalidated by the unauthorized alteration. The decision is valuable as showing that our judges are determined to discourage any tampering with written engagements, to uphold mercantile instruments in their integrity—to consider the question of materiality of an alteration with respect to the contract itself, and not by looking at the surrounding circumstances of the particular case—and to treat every alteration which changes the legal obligation and character of the instrument as material. Practically, however, bankers, as a matter of policy, do not take technical objections to their cus-

tomers' checks, and would generally, and perhaps reasonably disregard the possibility to which we have adverted, rather than offend their customers. At the same time we think they would act most unwisely if they did not insist that the indorsement of the payee specially named should be placed on the cheque as a condition precedent to the payment of it in the circumstances which we have been particularly considering."

LIABILITY FOR FAILURE OF DEPOSITARY BANKS.

UNITED STATES COURT OF CLAIMS, NO. 11,403.

Thomas Branch, and others vs. *The United States.*

FINDINGS OF FACT.—This case having been heard before the Court of Claims, the court, upon the evidence, finds the facts to be as follows:

1. In November, A. D. 1865, the claimants were the owners of fifty bales of cotton, when they were seized by the Marshal of the middle district of Alabama, upon a warrant issued by the District Court of the United States, for said district, on an information filed therein by the District Attorney and others, informers, for the seizure, confiscation, and condemnation thereof, under, "An act to confiscate property used for insurrectionary purposes," approved August 6th, 1861, on the ground that said cotton "was knowingly used and employed in the district aforesaid, by the owners, and with the consent of the owners thereof, in aiding, abetting, and promoting insurrection or resistance to the laws and authority of the United States."

2. Pursuant to an order of said court, made June 8, 1866, said cotton was sold at public auction by the Marshal, for the sum of $4,050, and after deducting therefrom $2,177.25 as the expenses of sale, the net balance of $1,872.75 was brought into court and paid over to the clerk thereof, July 4, 1866.

3. Said clerk of the court having been notified by the Interior Department that the First National Bank of Selma, Ala., had been designated by the Secretary of the Treasury, as a depositary of public money, deposited said money so received by him in said bank to his own credit as clerk, pending the proceedings of condemnation, and to await the further orders of the court.

4. Subsequently said bank failed, went into liquidation, and a receiver thereof was appointed by the Comptroller of the Currency, April 30, 1867.

5. In January, 1871, the case mentioned in the first finding, instituted for the condemnation of said cotton, was, on motion of the District Attorney, dismissed and judgment entered for the defendants for costs.

6. Upon closing the affairs of said bank by the receiver, a dividend of thirty-five per cent. was declared by the Comptroller of the Currency, on its debts and liabilities, and the sum of $641.32 was ordered to be paid into said court as the dividend on said $1,872.75 arising from the sale of said cotton, and deposited in said bank as hereinbefore stated. Said dividend was, by order of court, received by the clerk, and in July, 1875, paid over to the claimants, less $24.43 allowed by the judge to an auditor appointed by him to report the facts in the case.

CONCLUSION OF LAW.—On the foregoing facts the claimants are not entitled to recover, and the petition must be dismissed.

RICHARDSON, J., delivered the opinion of the Court:

The facts in this case, concisely stated, are these: In the year 1865 the claimants were owners of fifty bales of cotton which were seized by the Marshal of the middle district of Alabama, upon a warrant duly issued by the District Court, on an information filed therein by the District Attorney and others, informers, for the seizure, confiscation, and condemnation thereof, under the Act of August 6, 1861, chap. 50, (12 *Stats.*, 319,) because the same was used and employed by the owners, or with the consent of the owners, in aiding, abetting, and promoting insurrection or resistance to the laws and authority of the United States. While the suit upon the information was pending the cotton was sold by the Marshal, by order of court, for the sum of $4,050, and the net proceeds after deducting expenses were brought into court and paid over to the clerk, amounting to $1,872.50. The clerk, having been notified by a circular from the Secretary of the Interior, that the First National Bank of Selma, Ala., had been designated by the Secretary of the Treasury, as a

depositary of public money under the provisions of the Act of June 3, 1864, chap. 106, S. 45, (13 *Stats.*, 113,) deposited the money thus held by him in said bank to his own credit as clerk, pending proceedings in the suit for condemnation, and to await further orders of court. In 1867 the bank failed, went into involuntary liquidation, a receiver was appointed by the Comptroller of the Currency, and its affairs were wound up, paying a dividend of thirty-five per cent. to its creditors.

In January, 1871, the suit for condemnation was dismissed on motion of the District Attorney, and judgment was entered for the defendants therein, for costs. In 1875, the dividend on the clerk's deposit in the bank, amounting to $641.32, was brought into court by the receiver, paid over to the clerk, and subsequently allowed and paid to the present claimants by order of the court.

All that the claimants received of the money for which the cotton was sold was thirty-five per cent. of the net proceeds deposited in the bank.

Upon this state of facts the claimants come into this court and seek to charge their loss upon the United States. Without setting forth in their petition the grounds on which it is claimed that the defendants are liable, they pray judgment for the whole amount for which their cotton was sold, less the dividend received by them, with interest thereon from the day of seizure, as though the United States were to be charged with damages for an illegal seizure. But in a supplementary brief, in manuscript, handed to the court since the argument by the claimants' attorney, they present their case as an action for money had and received, and rely entirely upon the position which they assume that the First National Bank of Selma, having been designated as a depositary of public money by the Secretary of the Treasury, was part of the Treasury of the United States, and that the money deposited therein by the clerk of the court was for the time being "public money" in the Treasury of the defendants, which they were bound to keep safely and return to the claimants when their right thereto became established.

This view of the relation of the National banks, which are designated depositaries of public money, to the United States Government is, in our opinion, wholly untenable.

National banks are private corporations, organized under a general law of Congress, by individual stockholders, with their own capital, for private gain, and managed by officers, agents, and employees of their own selection. They constitute no part of any branch of the Government of the United States, and whatever public benefit they contribute to the country in return for grants and privileges conferred upon them by statute is of a general nature, arising from their business relations to the people through individual citizens, and not as direct representatives of the State as a body politic, in exercising its legal and constitutional functions.

The Comptroller of the Currency has certain supervisory powers and duties in relation to National banks, designed to keep the officers within the limits of the law, in conducting their legitimate business, and, as far as lies within the province of official supervision by the Government, to protect the creditors and stockholders against fraud, negligence and mismanagement. But in all contracts the banks act for themselves alone, and have no authority to involve the Government in liability, except the statute liability for the final redemption of their circulating notes. These notes, denominated "National currency," and forming to a large extent the circulating money of the country, are the notes of the banks and not of the United States, although in case of insolvency of the banks they are payable out of the Treasury, and are secured by bonds deposited with the Treasurer, and by a preference in the distribution of the assets of the banks. But the bonds so deposited are held as a special pledge for the redemption of the circulating notes, and can be held and used by the Government for no other purpose, not even to secure other indebtedness or obligations to the United States.—(12 *Opin. Attys. Gen.*, 549.)

By the forty-fifth section of the general banking law (13 *Stats.*, 113) it was provided:

"That all associations under this act, when designated for that purpose by the Secretary of the Treasury, shall be depositaries of public money, except

receipts from customs, under such regulations as may be prescribed by the Secretary; and they may also be employed as financial agents of the Government; and they shall perform all such reasonable duties as depositaries of public moneys and financial agents of the Government as may be required of them. And the Secretary of the Treasury shall require of the associations thus designated, satisfactory security, by the deposit of United States bonds and otherwise, for the safe-keeping and prompt payment of the public money deposited with them, and for the faithful performance of their duties as financial agents of the Government."—(*Revised Statutes*, § 5,153.)

Designating a National bank as a depositary of public money under this provision does not change the character of its organization, or convert its managers into public officers, or give to the Government any additional control over the institution, or render the United States liable for any of the acts, contracts, or obligations of the bank. Nor does it constitute the bank a general financial agent of the Government, but when after such designation it is required by law or by direction of the Secretary of the Treasury to perform any financial duties for the United States, it then becomes a special agent for the particular purpose required, with no power to bind the Government beyond the special authority conferred upon it. In short, constituting a National bank a depositary of public money is an employment of the institution for business purposes, as it is employed by individual depositors, and not an assumption of its powers and liabilities by the National Government, nor the making of it, as an institution, a part of the United States Treasury. Under the provision of the post-office laws, now no longer in force, allowing "all official communications addressed to either of the Executive Departments of the Government, by an officer responsible to that Department," to be sent free through the mail, it was early held by advice of the Attorney-General, that the officers of designated depositaries, under the general banking law, were not officers responsible to the Treasury Department, but were officers of the banks, responsible only to the institutions themselves, and so their correspondence on official business with the Secretary of the Treasury could not be carried free by mail. (11 *Opins. of Attys. Gen.*, 23.)

The United States Treasury proper, as constituted by what is commonly known as the "independent treasury" act, first passed July 4, 1840, (5 *Stat. at Large*, 385,) repealed August 13, 1841, and again re-enacted with additional provisions August 6, 1846, (*Chap.* 90, 9 *Stat. at Large*, 59,) is a *depository* of public money, where the actual money of the Government—gold, silver, bullion, notes, and currency—is kept in kind, as received from the public revenues, or deposited there by express authority of law, and where it remains the specific property of the Government, and cannot be intermingled with other funds, as the Treasurer is not authorized to permit other money to be deposited therein, except in special cases expressly provided for by statute. And the "Sub-Treasuries," commonly so called, under the charge of assistant treasurers, where the public money is received and kept under like regulations, as well as the mints and perhaps other like places of deposit, may, in a general sense, be considered as parts of the United States Treasury. *Revised Statutes*, §§ 3,591, 3,592, 3,593, 3,593, 3,595, &c.) It is made the duty of the Treasurer, all assistant treasurers, and those performing the duties of assistant treasurers, all collectors of customs, all surveyors of the customs acting as collectors, all receivers of public money of the several land-offices, all postmasters, and all public officers of whatever character, to keep safely any public money intrusted to them, without loaning, using, converting to their own use, depositing in banks, or exchanging the same for other funds than as specially allowed by law, and severe penalties are attached to any breach of such duty. (*Revised Statutes*, §§ 3,639, 5,489, &c.)

But when public money is deposited with a designated-depositary National bank, it is not there retained in kind as the special property of the United States, of which the bank is made the custodian, but it becomes at once the property of the bank; is mingled with its other funds, is loaned or otherwise employed in the ordinary business of the corporation; and the bank, instead of being a custodian of public money, becomes a debtor to the United States pre-

cisely as it does to other depositors on receipt of individual deposits. Such was the practical construction adopted immediately on the designation of National banks as depositaries of public money, after the passage of the National banking law, and ever since uniformly followed without question. The Government has the same rights and remedies against the bank as other creditors have. If the bank fails, the United States resort to the collateral security, if any, given to secure the deposits of public money to the extent of the proceeds thereof, and if after that is exhausted, a balance due for deposits remains unpaid, the Government takes its dividend thereon, with other creditors, and is entitled to no priority or preference, if the construction given in opinions of the Attorneys-General who have advised the executive officers on that subject be correct, which has not been judicially determined. (12 *Opins. of Attys. Gen.*, 549; 13 *Opins.*, 528.)

By section 3,640 of the *Revised Statutes* it is provided that "the Secretary of the Treasury may (except as to money belonging to the postal service) transfer the money in the hands of any depositary of public moneys, to the Treasury of the United States, to the credit of the Treasurer."

Thus it is manifest that designated-depositary banks are not made part of the Treasury of the United States proper, rendering the Government liable for the safe-keeping or repayment of the money deposited therein, to the credit of the customers of those institutions. As to its own public money intrusted thereto, it relies upon the credit of the corporations, and the securities taken as collateral, of which the one is subject to the vicissitudes of the institutions, and the other to the care and vigilance of the public officers. Such money, or the credits therefor, when under the control of the Treasurer of the United States, and subject to his draft, may, to that extent, and in some sense, be regarded as in the public Treasury, and other Government money deposited there to the credit of other public officers charged with its receipt or expenditure, may be considered as public money, although not in the Treasury.

The term "public money," as used in the statutes of the United States, ordinarily means the money of the Government, received from the public revenues or intrusted to its officers charged with the duty of receiving, keeping, or disbursing the same wherever it may be. Such money, when illegally obtained therefrom, may be followed by the Government into the hands of the wrongdoer, and recovered as a debt due from him, with the preference over other creditors in the distribution of his assets in case of insolvency given to the United States by statute. (*Bayne et al.* vs. *The United States*, 94 *U. S. Reports.*) It does not include the money of States, counties, cities, and towns, although with reference to those governments and municipalities such funds in other connections would be deemed public money. Nor does it include money in the hands of the marshals, clerks, and other officers of courts, held by them under authority of law, to await the judgment of the court in relation to the ownership thereof. Such money constitutes trust funds held by individual litigants, and not for the public, as represented by the Government—money which cannot be used by anybody until the rightful ownership is determined, and when deposited in any bank is at the risk of the true owner, or of the officer depositing it, according as the latter has or has not legal authority for substituting the credit of the bank for his own custody thereof. The term is thus used in the act originally establishing the Treasury Department, passed September 2, 1789, *Chap.* 12, § 6, (1 *Stat. at Large*, 65,) in the acts of July 4, 1840, *Chap.* 41, (5 *Stat. at Large*, 385,) and August 6, 1846, *Chap.* 90, (9 *Stat. at Large*, 59,) establishing the "independent treasury," in all of the numerous revenue and fiscal acts of Congress found in the *Statutes at Large*, as well as in the *Revised Statutes*. where it forms one of the principle divisions of the laws in that volume, as the Fortieth Title. (*Revised Statutes*, §§ 3,591, 3,659.)

From the year 1814 to the present time, there have been special provisions of law for the deposit and safe-keeping of money paid into the district and circuit courts of the United States, different from those applicable to public money. By the act of April 18, 1814, *Chap.* 62, (3 *Stat. at Large*, 127,) money paid into said courts to abide the order of court, was required to be deposited in such incorporated bank as the court should designate, and there remain until it

should be decided to whom it of right belonged. If there were no such bank in the district, the court might direct the money to be deposited according to its discretion. By the act of March 3, 1817, *Chap.* 108, (3 *Stat. at Large*, 395,) all money paid into said courts or received by the officers thereof, in cases pending therein, was required to be deposited in a branch of the United States Bank, if there were one in the district, to the credit of the court, and to be drawn only upon the order of the judge, and if there were no such branch bank in the district, then in some incorporated State bank, and if there were neither in the district, then it was to be deposited according to the discretion of the judge. These acts remained in force, still requiring officers of courts to deposit in State banks their trust funds, long after it was made a penal offence for "all public officers of whatever character" to deposit in any bank the *public money* collected by them (*Act of* 1846. *Chap.* 90, § 6. 5 *Stat. at Large*, 60,) and after the passage of the general banking law of June 3, 1864, by which National banks might be made depositaries of public money; and they were not repealed until the year 1871. (*Chap.* 2, § 6, 17 *Stat. at Large*, 2.)

Such was the statute law so far as applicable in 1866, when the money now in question, was deposited in the First National Bank of Selma. There being no branch bank of the United States in existence, the clerk was bound by law to deposit the money in an incorporated State bank or otherwise, according to the discretion of the court. He had no right to deposit it anywhere to the credit of the United States Treasurer, nor in the public Treasury to the credit of anybody. It was required to be deposited as a private credit within the exclusive control of the court. In selecting a National bank, the clerk was no doubt acting under the direction and according to the discretion of the court, as he was bound by law to act, influenced, perhaps, by the circular of the Secretary of the Interior, giving notice that the First National Bank of Selma had been designated as a depositary of public money. That circular, however, did not change the legal duties and obligations of the courts, or the officers thereof, or of the banks named therein, and it created no liabilities whatever on the part of the United States.

The clerk did not attempt to place the money in the United States Treasury. He intrusted the funds in his custody to the safe keeping of the bank, and took the obligation of that corporation and not of the Government. The bank became his debtor, and the United States were neither creditors of the bank nor debtors to the depositor on account thereof. The Government not only did not receive the money, but could not have recovered it by action nor have obtained possession of it by any process.

It will be noticed that the facts proved do not show and the petition does not allege that the Secretary of the Treasury had taken any security from the bank for this deposit or for the deposit of any public money therein, and that it does not appear that he was ever notified or ever knew of this deposit having been made by the clerk of the court.

Under all these circumstances, nothing can be more clear than that the defendants are not liable in an action for money had and received, or in any other form, for the safe-keeping and return of money not belonging to the United States, nor intrusted to any of their officers, but deposited by the clerk of the court in the First National Bank of Selma, in his own name and to his own credit.

Since the rights and liabilities of the parties in this case, arising from the transactions set forth in the findings, were fixed, Congress has made new and different provisions, by the act of March 24, 1871, in relation to moneys paid into the courts of the United States, expressly repealing the acts of 1814 and 1817, above referred to, (*Revised Statutes*, §§ 798, 995, 996, 5,504. 5,505,) but not repealing the provisions in relation to money in the hands of assignees bankruptcy. (*Revised Statutes*, § 5,059; 14 *Opins. of Attys. Gen.*, 362.)

By the law now in force, all money paid into any court of the United States, or received by the officers thereof, in any cause pending or adjudicated therein, must forthwith be deposited with the Treasurer, an assistant treasurer, or a designated depositary of the United States, in the name and to the credit of the court, unless it is delivered upon security according to the agreement of

parties, under the discretion of the court, as it may be by virtue of a proviso in the act of 1871, re-enacted in *Revised Statutes*, § 995. When such money is deposited with the Treasurer, or an assistant treasurer, where it is mingled with the public money, it is undoubtedly intrusted to the custody of the Government, but when deposited in a bank, though a designated depositary, it would still seem to be the private deposit of trust funds for the security of which the credit of the bank, and not of the Government, is taken.

Whether or not the proceeds of securities taken for the protection of public money simply, can be applied to the repayment of deposits to the credit of the courts, either *pro rata* with the debts due to the Government, or after the payment of such debts to the extent of any balance of the proceeds remaining, in case of the failure of a depositary bank owing both classes of deposits, or whether the Secretary of the Treasury may now legally and properly require of designated depositaries securities sufficient to protect court funds as well as public money, and so expressly pledged, or whether it is not rather within the power of the litigants interested and the discretion of the courts themselves, either to require security for such deposits, under the proviso above referred to, or to intrust them wholly to the credit of the corporations, are questions for consideration elsewhere, and not here, and we express no opinion thereon.

The judgment of the court is that the petition be dismissed.

OUTSTANDING FRACTIONAL CURRENCY.

For the purpose of estimating the amount of fractional currency now outstanding, which will not probably be presented for redemption, the Secretary of the Treasury appointed a Committee consisting of the Treasurer of the United States, the Comptroller of the Currency, and the Superintendent of the Printing Bureau, who have reported that in their judgment the amount of such currency is a little more than eight millions. The following extract from the report will be found of interest:

The total amount of fractional currency issued since August 21, 1862, is $368,724,079.45; amount redeemed, $348,720,755.58; leaving amount outstanding, $20,003,323.87; of which $4,293,934.76 is of the first issue, known as "postal currency," and $3,116,610.42 of the second issue. The first issue commenced August 21, 1862; the second, October 10, 1863. The first issue ceased March 22, 1863; the second, March 4, 1866. The total amount of these two issues is $43,380,118.65; total amount redeemed, $35,967,573.47; total amount outstanding, $7,410,545.18; and the whole amount, with the exception of about $5,000,000, was paid out during the four years of the war, much the larger portion having been disbursed in payment of the Army and Navy.

The percentage of outstanding of the first issue to its total is 21.2; and a like percentage of the second issue is 13.5; and of both issues combined to their total issue, 17 per cent.; and the whole amount outstanding on June 30, 1873, was $7,557,385.42, and since that date an average of only $34,207.48 has been redeemed annually. During the past year only $920.16, of the first issue has been redeemed, and of the second issue $465.86; or an aggregate of less than $1.300 in a total of more than $7,400,000. If the ratio of redemption of the last five years should continue for the next thirty years, only about one million of the $7,400,000 would have been redeemed, and the Committee have therefore concluded that at least $6,400,000 of the first and second issues have been *lost*, and will not therefore be hereafter presented for redemption.

The amount outstanding of the third, fourth and fifth series, on March 23, 1874 (when the total amount outstanding was highest), was $42,087,837.50. It has been 8 1-6 years since the Treasury ceased to issue notes of the third issue, at which time $23,980,765 was outstanding; and it has been from two

to four years since the Treasury ceased to issue the different series of the fourth issue, amounting in all to $17,493,753.33; and only 1½ years since it ceased to issue notes of the fifth series, which then amounted to $16,607,335.08. The amount now outstanding of these various issues is $12,592,778.69.

The Comptroller of the Currency in his report for 1876, gives statistics showing that the proportion of unredeemed circulation outstanding of 286 State banks in the State of New York was 2.63 per cent. upon $50,754,514, which was the highest amount at any time outstanding. The proportion unredeemed upon the highest amount issued to thirty State banks ($7,763,010) which were still in operation either as National or State institutions was 1.83 per cent. The proportion upon $39,245,380. the highest outstanding circulation of 210 banks organized under State law in the six New England States, was 2.02. The percentage in Ohio was 2.79, and in Wisconsin 1.78. The percentage of outstanding circulation upon the highest amount outstanding at any time (114,671.346, issued by 707 banks), in all the States from which returns were received, was 2.35. In all these States the circulation had been outstanding for a long series of years, and in some of the States the circulation was not required to be redeemed after the expiration of a term of years. The highest amount of circulation of fifteen National banks which failed prior to 1870, was $1,554,400; and the percentage outstanding was 1.35 only. From the best information obtainable, it is concluded that two per cent. would be a fair estimate of the amount of circulation unredeemed upon the highest amount of such bank notes issued at any one time.

The fractional currency of the later issues, as has been seen, has been outstanding but for a short period; but the number of pieces of fractional currency issued in a given number of dollars is very much greater than in the same number of dollars of bank notes.

The Committee is therefore of the opinion that notwithstanding the brief period of circulation of the later issues of fractional currency, the loss will be a greater per cent. If this loss be estimated at four per cent. of the highest amount outstanding of the third, fourth and fifth issues, at the date when the total issue of fractional currency was greatest, the amount of such loss will be $1,683,513.50. This amount will be 13.37 per cent. of the amount now outstanding, leaving 86.63 per cent. to be redeemed hereafter. Adding to this the amount estimated to be lost of the first two issues ($6,400,000), the total amount of fraactional currency which it is probable will not hereafter be presented for redemption, is $8,083,513.50; which amount is submitted as the judgment of the Committee upon the question propounded.

UNITED STATES SUPREME COURT.—No. 58. *Town of South Ottawa* vs. *Perkins*, and No. 59, *Supervisors of Kendall County* vs. *Post.*—Error to Northern District of Illinois.—The bonds of the corporations recited on their face the law under which they were issued and the necessary compliance with the terms of the law. The first installment of interest was paid and the holders had taken the bonds without notice of any defect in the law. The bonds were then repudiated on the ground that the law was not actually passed, as it did not appear by the journal of the Senate that it passed. The judgments of the Circuit Court in favor of the bondholders were affirmed, this court sustaining the view of the court below, that the journals of the two houses of the Legislature were not admissible to show the non-passage of the act. Afterwards, a rehearing was granted, and that affirmance is now overruled, this court now holding that the decision of the courts of the State that the bill did not become a law are binding upon this court, and must control its decision. It is also held that the reference to the act in question by subsequent acts of the Legislature did not give it any additional force; that a law which was never formally passed cannot receive vitality by such means. Mr. Justice Bradley delivered the opinion. Dissenting, the Chief Justice, and Justices Clifford, Swayne, and Strong.

BANKING AND FINANCIAL ITEMS.

THE REDEMPTION AND RE-ISSUE OF NATIONAL BANK CIRCULATION.—In order to correct various published misstatements in reference to the amount of additional circulation recently issued to the National banks in the City of New York, the Comptroller of the Currency furnishes the following:—The total amount of additional circulation issued to all the National banks of the country since the passage of the Act of Jan. 14, 1875, to date [June 12], is $27,311,825. Of this amount $3,402,770 has been issued to the banks in the City of New York as follows: From Jan. 14, 1875, to January, 1876, $186,780; during the year 1876, $1,223,200; from Jan. 1 to June 10, 1877, as follows, monthly: January, $381,740; February, $140,040; March, $387,720; April, $659,690; May, $423,600; to June 11, $46,100. The greatest amount issued to any one bank during the year ending June 1 was $675,000, which amount was issued in installments during the six months previous to the month of April, 1877.

By reference to the published reports of the Comptroller of the Currency, it will be found that the circulation of the National banks in New York City was, in October, 1872, $28,000,000; in October, 1873, $27,000,000; in October, 1874, $25,000,000; October, 1875, $18,000,000; in October, 1876, $14,832,000. The circulation on January 1, 1875, was $24,800,000, and on April 14, $16,238,000, so that the circulation of the New York City banks will need to be increased by $8,000,000, or one-half of the present amount, in order to equal the amount outstanding at the date of the passage of the Act of January 14, 1875. There is no foundation whatever for the statement that a National bank in New York City has had issued to it $1,000,000 of additional circulation three different times during the past few weeks, as the whole amount issued to all of the banks of the City of New York during the present year has been but slightly in excess of $2,000,000.

CALLS OF FIVE-TWENTY BONDS.—The forty-eighth call, being for the redemption of $10,000,000 5-20 bonds of 1865, dated July 1, 1865, was issued from the Treasury on May 28th, principal and interest to be paid at the Treasury in Washington, August 28, 1877, interest to cease on that day. The following are the bonds designated, all numbers inclusive:

Coupon.—$50, Nos. 3,001 to 6,000; $100, Nos. 4,001 to 8,000; $500, Nos. 5,001 to 10,000; $1,000, Nos. 11,001 to 23,000. Total, $6,000,000.

Registered.—$100, Nos. 701 to 1,900; $500, Nos. 701 to 1,900; $1,000, Nos. 2,801 to 7,600; $5,000, Nos. 1,101 to 2,600; $10,000, Nos. 1,182 to 2,200. Total, $4,000,000. Aggregate, $10,000,000, being the amount outstanding included in the numbers above.

The forty-ninth call was issued on June 11, being for $15,000,000, consols of 1865, principal and interest to be paid September 11, 1877. The following are the numbers designated, all inclusive:

Coupon.—$50, Nos. 6,001 to 11,000; $100, Nos. 8,001 to 18,000; $500, Nos. 1,001 to 18,000; $1,000, Nos. 23,001 to 41,000. Total, $10,000,000.

Registered.—$50, Nos. 101 to 500; $100, Nos. 1,901 to 4,900; $500, Nos. 1,901 to 4,350; $1,000, Nos. 7,601 to 13,600; $5,000, Nos. 2,601 to 4,350; $10,000, Nos. 2,201 to 3,700. Total, $5,000,000. Aggregate, $15,000,000.

THE OCEAN BANK.—The Comptroller of the Currency has declared a fifth dividend of ten per cent. in favor of the creditors of the Ocean National Bank, payable on June 11th, making in all, dividends amounting to eighty-five per cent.

NEW YORK.—At a meeting of the Directors of the National City Bank, held on May 29th, Mr. David Palmer was appointed Cashier in place of Mr. Benjamin Cartwright, who resigned on account of his health.

DIVIDENDS.—The New York City banks which have declared dividends for July, are as below:

Bank of New York N. B. A.	3½	..	National Bank of Commerce	3
Central National Bank	4	..	National Broadway Bank	8
Chatham " "	4	..	National Butchers & Drovers' Bank	4
Fourth " "	3	..	National Citizens' Bank	3
Hanover " "	3½	..	National Park Bank	3
Irving " "	4	..	National Shoe & Leather Bank	5
Importers & Traders National Bank	7	..	Phenix National Bank	3
Leather Manufacturers " "	6	..	Tradesmen's National Bank	4
Merchants' Exchange " "	3½	..	Bank of America	4
Merchants' National Bank	3	..	Oriental Bank	5
Metropolitan " "	5	..	People's Bank	5

THE DRY GOODS BANK.—At a meeting of the Directors of the Dry Goods Bank, No. 347 Broadway, on June 22d, it was decided to recommend to the stockholders to wind up the affairs of the bank. This subject has been under consideration for some time, the bank being under no embarrassment except that it could not find safe and profitable employment for its funds. There are no bad investments, and no bad debts of any moment, but the depression of business had so affected their profits, that they had been able to pay but very small dividends. The depositors will be paid in full, and the stockholders nearly in full, if the managers should be able to dispose without loss of the lease of their present offices, which have still five years to run at $20,000 per annum. They expect to pay the stockholders at least ninety per cent. The surplus on January 1 was only $53,291, and this was not enough to enable the bank to compete successfully with the others.

The Dry Goods Bank was organized in 1871, with a capital of $1,000,000. According to the last report to the Clearing House, its loans were $1,528,500; specie, $11,100; legal tenders, $346,900; deposits, $1,220,800.

ARKANSAS.—The German Savings Bank, which has been in business two years and two months, has paid to its stockholders fourteen per cent. in cash dividends, created $20,000 of surplus, has lost in that time only $400, and has no suspended debt.

Resumption.—Messrs. Nelson & Hanks, bankers at Helena, who suspended payment a few weeks ago, resumed business on June 18th. The occasion was attended by no run or excitement on the part of depositors. A large number of their friends called during the day and tendered their congratulations.

FREEDMAN'S SAVINGS BANK.—The Commissioners have in hand enough money to declare a dividend of ten per cent. to the depositors of this institution. They have determined, however, to declare no dividend at present, for the reason that the expense of paying a dividend of only ten per cent. would be greater to a vast number of depositors than the amount received by them. There are nearly 20,000 depositors whose balances are five dollars and under.

ILLINOIS.—The bill to make silver a legal tender in this State was vetoed by Governor Cullom on May 30th.

Bloomington.—The Home Bank, heretofore considered a strong institution, suspended on June 16th. The officers claim that the embarrassment will be only temporary, and that it is solely due to damaging and exaggerated rumors that have been circulated against the members of the firm. The liabilities of the bank are about $100,000.

Peoria.—The banking firm of S. Pulsifer & Co. suspended payment on June 23d and closed their doors. Mr. Sidney Pulsifer, whose property is said to amount to over $1,000,000. posted a note on the door of the bank expressing his belief that the creditors would lose nothing, as his property, which is large and unincumbered, is liable for and sacredly pledged to pay the company's liabilities. The amount of liabilities is not yet known.

SUIT AS TO A $1,000 COUNTERFEIT.—At Springfield, Illinois, the Circuit Court was occupied on June 9th in a suit, brought by the Ridgely National against the State National Bank, respecting a $1,000 counterfeit greenback. Plaintiffs allege that they received the bill in December, in settling balance on daily exchange, and that it proved to be counterfeit. It was so declared by the Treasury Department at Washington, upon being sent there for examination, and according to the custom of the Department, the bill was branded "counterfeit" before its return. Without this brand the bill would deceive almost anyone, however accustomed to handling bills of large denominations, and many city bank experts had pronounced it good. Where it originally came from cannot be traced, notwithstanding the efforts of a United States detective. The testimony did not appear to be entirely clear that the bill was received from the State Bank, and the jury after being out some hours, reported that they were unable to agree, and were discharged by the Court.

SKILLFUL FRAUDS.—A package sent in June by express from the Mount Vernon (Ill.) National Bank, and supposed to contain $8,000, was found when received at the Third National Bank in St. Louis to contain nothing but brown paper. It showed no sign of having been opened, the seals being apparently intact.

Thomas Wilson, a skilful forger and expert telegraph operator, recently forged a draft for $9,400 on a bank in Cynthiana, Ky., and took with him, as a confederate, a woman who was to present the check at the bank of George H. Cowles, in Osceola, Iowa. At a place about thirty miles from Osceola, the telegraph wire was cut and connected with wires running out through the brush to a secluded spot where a battery and instrument were placed and where the operator was stationed. The woman presented the check, and when it was questioned, asked the bank authorities to telegraph to Cynthiana and prove it, on the supposition that Wilson would receive the despatch and answer it in the affirmative. By some mistake the despatch reached Cynthiana, the check was ascertained to be a forged one, and the woman was arrested.

KENTUCKY.—Mr. Andrew M. January, one of the oldest bankers in the State, died at his residence in Maysville on June 11th, in his eighty-third year. Mr. January had been President for nearly forty years of the Bank of Maysville and its predecessor.

Mr. James Barbour, long Cashier of the Bank of Maysville, has been elected its President; Mr. R. A. Cochran, Vice-President, and Mr. J. F. Barbour, Cashier.

BURGLARY.—On the night of June 15, burglars blew open with gunpowder the door of the Uxbridge Savings Bank at Uxbridge, Mass. The explosion alarmed the people of the town and the burglars fled.

MISSOURI.—The National Bank of the State of Missouri, on June 20th, suspended payment for the purpose of liquidation.

This bank was one of the oldest in the West, counting its existence under State charter. It had a capital of $3,000,000, which was recently reduced to $2,500,000, but has for years been nursing heavy dead-weight assets, which have increased during the last three or four years, until finally it has succumbed.

Upon correspondence with the Comptroller of the Currency, by a committee appointed by the directors, Bank Examiner Howenstein was directed to make at once a thorough examination of the condition of the bank. It appears therefrom that the capital stock is entirely lost; that the assets are of such a character that it will probably be three years before full settlements are made; and also that the five directors are indebted to the bank to the amount of $800,000. W. P. Johnston, of Washington City, was appointed Receiver on June 25th.

NEW YORK.—The Rockland Savings Bank, of Nyack, suspended payment on the morning of June 15th, The failure is a bad one, and it is thought that the depositors will not realize twenty cents on a dollar.

BANK TAXATION.—M. John C. Hopper, of the "National Revenue Reform Association," expects to visit the principal monied institutions of the country between this time and the next session of Congress, with a view to aiding in a more general understanding of the question of oppressive Bank Taxation and its remedy. Mr. Hopper's energy of character, and his long experience in these matters, should enable him to do good service in this cause. It is proposed to assemble at Washington a large Convention of bank officers and bankers, in order to impress upon Congress the importance of the object. It is understood that this movement is in no sense an opposition to the work of the "American Bankers' Association," but an additional force in the same direction.

CANADA.—The annual meetings of a number of the Canadian banks have been held in June, and their reports have been looked for with much interest. The year which has passed has been one of unexampled severity in business trials, and failures among merchants and dealers have been very numerous. The losses of all the banks have therefore been unusually large, and the dividends reduced in proportion.

The Bank of Montreal, notwithstanding a marked shrinkage in its net profits, declares a half-yearly dividend of six per cent. Its capital is so large that it is difficult to employ it profitably in the existing condition of affairs.

The Consolidated Bank announces three per cent. as its semi-annual dividend.

The Eastern Townships Bank presents an excellent showing. It makes eight per cent. dividend instead of ten, as last year, and has added $25,000 to its Rest Account.

The Federal Bank pays seven per cent. dividend for the year.

The Bank of Hamilton has earned nine and four-tenths per cent. on its paid capital, paying eight per cent. in dividends, and has added $15,000 to its Rest Account.

The Bank of Toronto has charged to Profit and Loss all the losses of the year, instead of deducting any part of them from its large accumulation of "Rest." It has thus reduced its dividends for the half-year to four per cent.

The Merchants' Bank has declared no dividend, but this is only what was expected. It is understood that its ample capital has been somewhat impaired, and that the amount is to be reduced to represent strictly solid value. This institution is evidently managed on sound principles.

The Maritime Bank has earned about eight per cent. on its paid capital of over $600,000, out of which it pays six per cent. in dividends, and adds $20,000 to Rest.

The Ontario Bank has now charged to its Profit and Loss account an amount or losses of *last* year equal double the estimate then made. The necessary provision for $155,000, bad debts, is made by taking $125,000 from the Rest, and $30,000 from the year's balance of Profit and Loss; while the losses of the year just ended are supposed to be covered by the allotment of $100,0co for that purpose. The bank then declares ten per cent. annual dividend.

The Stadacona Bank has declared six per cent. dividend, and has a reserve thereafter of $23,000.

The Quebec Bank has pursued a very cautious course, and declared only seven per cent. for the year, retaining a considerable sum for contingencies, after providing for all known losses.

THE INSURANCE BLUE-BOOK.—The Centennial issue of this standard manual covers so enlarged a field, that its issue was of necessity delayed until the present year. It contains a history of Insurance in the United States from the earliest times; a tabular history of all Companies, Fire and Life, that have done business in the State of New York since the official record began; Directories of all the Companies in the United States; a Directory of over 20,000 Agents; and, what is just now specially valuable, a tabular account of the Life Companies that have been changed or ceased business. There is also a Digest of all important Insurance Decisions for the past year; Abstracts of the Insurance Laws of the several States, and other useful matter. The completeness of this excellent work is highly creditable to the editor and publisher, Mr. C. C. Hine, of New York.

THE NEW FOUR PER CENT. LOAN.

CIRCULAR OF THE SYNDICATE.

Under authority of a contract with the Secretary of the Treasury, the undersigned hereby give notice that, from this date, and until July 16, at 3 P. M., they will receive subscriptions for the Four per cent. Funded Loan of the United States, in denominations as stated below, at par and accrued interest in gold coin.

The bonds are redeemable after thirty years from July 1, 1877, and carry interest from that date, payable quarterly, and are exempt from the payment of taxes or duties to the United States, as well as from taxation in any form by or under State, municipal, or local authority.

The interest on the Registered Stock will be paid by check, issued by the Treasurer of the United States, to the order of the holder, and mailed to his address. The check is payable on presentation, properly endorsed, at the offices of the Treasurer and Assistant Treasurers of the United States.

The subscriptions will be for Coupon Bonds of $50 and $100, and Registered Stock in denominations of $50, $100, $500, $1,000, $5,000, and $10,000.

The bonds, both Coupon and Registered, will be ready for delivery July 2, 1877.

Forms of application will be furnished by the Treasurer at Washington, the Assistant Treasurers at Baltimore, Boston, Chicago, Cincinnati, New Orleans, New York, Philadelphia, St. Louis, and San Francisco, and by the National Banks and Bankers generally. The applications must specify the amount and denominations required, and, for Registered Stock, the full name and post-office address of the person to whom the bonds shall be made payable.

Two per cent. of the purchase money must accompany the subscription, the remainder may be paid at the pleasure of the purchaser, either at time of subscription or at any time prior to October 16, 1877, with interest added at four per cent. to date of payment.

The payments may be made in gold coin to the Treasurer of the United States, at Washington, or Assistant Treasurers at Baltimore, Boston, Chicago, Cincinnati, New Orleans, and St. Louis, and to the Assistant Treasurer at San Francisco, with exchange on New York, or to either of the undersigned.

To promote the convenience of subscribers, the undersigned will also receive, in lieu of coin, United States Notes or Drafts on New York, at their coin value on the day of receipt in the City of New York.

AUGUST BELMONT & CO., New York.
DREXEL, MORGAN & CO., "
J. & W. SELIGMAN & CO., "
MORTON, BLISS & CO., "
FIRST NATIONAL BANK OF THE CITY OF NEW YORK, N. Y.
DREXEL & CO., Philadelphia.

June 14, 1877.

CIRCULAR TO THE NATIONAL BANKS.

TREASURY DEPARTMENT, OFFICE OF COMPTROLLER OF THE CURRENCY.
WASHINGTON, June 15, 1877.

In reply to numerous inquiries from the National Banks in reference to the terms and conditions upon which United States bonds can be obtained, it may be stated that the issue of the Four-and-one-half per cent. United States bonds has ceased, and I transmit herewith the published proposals of the associated contractors for the new Four per cent. Thirty-year United States bonds, issued with the approval of the Secretary of the Treasury.

It is a condition of the contract that the loan shall be offered for a reasonable period to the people of the United States, at par, and the Circular accord-

ingly invites subscriptions, at par, until the 16th July, proximo, with privilege of payment for three months thereafter. It is understood that the loan will be offered in Europe as well as here, and that the associates may advance the price after that date. It remains, therefore, to be seen to what extent the privilege of purchase thus reserved will be availed of, and the expectation and desire are general that the American subscriptions shall be as large as possible.

As the subscriptions by people outside of the commercial cities will be paid largely in currency, while the bonds by law can be sold only for gold, it is obvious that the banks must generally be employed by the public, either for the purchase of the gold, or for remitting the currency to the associates in New York for that purchase. The bonds are dated July 1, and bear interest from that date. But where subscriptions made during the present month are paid in full, interest for the period from date of subscription to date of bond will be remitted in check by the Treasurer of the United States. The bonds will be ready for delivery on July 2. Payments made after July 1 will be charged with accrued interest at four per cent. from date of bond up to date of such payment. At current premium of gold, the present bonds will be sold at a lower price than any other issue, while, as they mature only after thirty years, they are more desirable, from their permanence, than bonds bearing higher rates of interest, whose net returns on the amount invested will be found to be only slightly, if at all, higher than the income from the new issue. National Banks who may desire to exchange the bonds now on deposit with the Treasurer, or who propose to increase their circulation, can avail themselves of the opportunity to subscribe for these bonds until the 16th of next July, paying for the same at any time within three months thereafter.

The National Banks have always heretofore met the financial exigencies of the Government with the essential assistance which they were able to afford, and it is believed that they will heartily join with the Secretary of the Treasury in reducing the public burdens and giving unity and simplicity to the system of the National finances.

JOHN JAY KNOX, *Comptroller of the Currency.*

THE BONDS ARE PAYABLE IN GOLD.—GOVERNMENT DECLARATION.

TREASURY DEPARTMENT, WASHINGTON, D. C., June 19, 1877.

To Francis O. French, Esq., No. 94 *Broadway, New York:*

SIR—Your letter of the 18th inst., in which you inquire whether the four per cent. bonds now being sold by the Government are payable principal and interest in gold coin, is received. The subject, from its great importance has demanded and received careful consideration. Under the laws now in force there is no coin issued or issuable in which the principal of the four per cent. bonds is redeemable or the interest payable, except the gold coin of the United States of the standard value fixed by the laws in force on July 14, 1870, when the bonds were authorized. The Government exacts in exchange for these bonds, payment at their face in such gold coin, and it is not to be anticipated that any future legislation of Congress, or any action of any department of the Government, would sanction or tolerate the redemption of the principal of these bonds or the payment of the interest thereon in coin of less value than the coins authorized by law at the time of the issue of the bonds, being the coin exacted by the Government in exchange for the same. The essential element of good faith in preserving the equality in value between the coinage in which the Government receives, and that in which it pays these bonds, will be sacredly observed by the Government and the people of the United States, whatever may be the system of coinage which the general policy of the nation may at any time adopt. This principle is impressed upon the text of the law of July 14, 1870, under which the four per cent. bonds are issued, and requires, in the opinion of the executive department of the Government, the redemption of these bonds and the payment of their interest in coin of equal value with that which the Government receives upon their issue.—Very respectfully,

JOHN SHERMAN, *Secretary.*

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

Authorized to June 26, 1877.

No.	Name and Place.	President and Cashier.	Capital. Authorized.	Paid.
2359	City National Bank............. Fort Worth, TEXAS.	A. M. Britton............ S. W. Lomax.	$ 50,000	$ 41,600
2360	Lebanon National Bank .... Lebanon, OHIO.	La Fayette S. Rue .... Joseph M. Oglesby.	50,000	30,564
2361	National Bank of Rockville.... Rockville, IND.	Jonathan M. Nichols ..... Samuel L. McCune.	100,000	55,000
2362	Second National Bank......... Manchester, N. H.	Aretas Blood............ Josiah Carpenter.	100,000	100,000
2363	First National Bank............ Shenandoah, IOWA.	Thomas H. Read........ A. J. Crose.	50,000	30,000

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List; continued from June No., page 994.)

JUNE, 1877.

	Name of Bank.	Elected.	In place of
N. Y. CITY.	National City Bank......	David Palmer, *Cas*....	B. Cartwright.
CONN...	Clinton Nat. Bank, Clinton..	Ezra E. Post, *Cas*.....	A. Hull.*
" ..	First Nat. Bank, Suffield	Henry C. Young, *Cas*..	C. A. Chapman.
GA.....	Southern B. of Ga., Savannah	Horace A. Crane, *Cas*.	J. E. Gaudry.
ILL.....	First Nat. B'k, Farmer City..	Frank J. Miller, *Cas*...	A. F. Davidson.
" ..	First National Bank, Olney..	J. H. Senseman, *Cas*..	H. Marshall.
IOWA...	Bank of Atlantic, Atlantic...	F. H. Whitney, *Pr*....	W. Warwick.
" ..	" " ...	Wilkins Warwick, *Cas*.	F. H. Whitney.
" ..	Chariton Bank, Chariton....	W. C. Penick, *Cas*....	E. Copeland.
" ..	Merchants' N. B., Fort Dodge	E. H. Rich, *Cas*.......	J. M. Bell.
KANSAS.	First Nat. Bank, Fort Scott..	C. F. Drake, *Cas*......	L. C. Nelson.
MD.....	Farm.& Mech. N. B., Frederick	Samuel Nixdorff, *Cas*..	J. W. Birely.
MASS...	Brighton 5c. Sav. B., Boston.	H. W. Jordan, *Pr*.....	S. Phillips.
MICH...	Citizens' Bank, Marquette....	J. M. Wilkinson, *Pr*...	A. Campbell.
" ..	" "	Fred. M. Steele, *Cas*...	J. M. Wilkinson.
" ..	Bank of Maysville, Maysville.	James Barbour, *Pr*.. .	A. M. January.*
" ..	" " .	J. F. Barbour, *Cas*....	J. Barbour.
MO.....	Exchange Bank, St. Louis...	Theo. Bartholow, *Pr*..	J. Bogy.
" ..	Bartholow, Lewis & Co......	John D. Perry, *Pr*.....	T. J. Bartholow.
" ..	Bank of Joplin, Joplin......	George A. Case, *Cas*...	W. A. Botkin.
N. Y....	National Bank of Gloversville	George W. Fay, *Cas*..	J. M. Wood.
OHIO...	Second Nat. Bank, Cleveland	S. T. Everett, *Pr*......	J. Perkins.
" ..	Piqua National Bank, Piqua.	C. Langdon, *Cas*......	H. B. Greenham.*
PENN...	Kensington Nat. B'k, Phila..	Wash'n I. Landell, *Pr*.	G. A. Landell.
" ..	Butler Savings Bank, Butler .	William Campbell, *Pr*.	J. M. Thompson.
" ..	First Nat. Bank, Minersville .	Jacob S. Lawrence, *Pr*.	W. Kear.
" ..	" Uniontown.	J. V. Thompson, *Cas*...	J. T. Redburn.*
" ..	City Nat. Bank, Williamsport	B. C. Caldwell, *Cas*....	H. T. Sallade.
" ..	Western National B'k, York.	Albert Smyser, *Pr*.....	J. H. Baer.
TENN...	First Nat. Bank, Fayetteville.	J. R. Feeney, *Cas*.....	R. S. Woodard.*
W. VA.. " ..	Bank of the Ohio Valley, Wheeling	George Adams, *Cas*...	M. A. Chandler.
ONT....	Imperial Bank of Canada, Port Colborne	Edward Hay, *Act.Mgr*.	T. H. Nasmith.

* Deceased.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(*Monthly List, continued from June No., page* 993.)

JUNE, 1877.

State.	*Place and Capital.*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
GA.	Atlanta........	City Bank of Atlanta.......	Continental National Bank.
	$ 50,000	Edward L. Jones, *Pr.*	Ossian F. Simpson, *Cas.*
IND. ...	Richmond.	Farmers' B. (Stanley, Esteb & Co.)	Netter & Co.
" ..	Rockville......	National Bank of Rockville.	Ninth National Bank.
	$ 100,000	Jonathan M. Nichols, *Pr.*	Samuel L. McCune, *Cas.*
IOWA...	Murray........	Murray Bank	Kountze Brothers.
" ..	Shenandoah...	First National Bank.......	....
	$ 30,000	Thomas H. Read, *Pr.*	A. J. Crose, *Cas.*
KANSAS.	Manhattan.....	Riley County Bank........	First National Bank.
		Stephen French, *Pr.*	J. K. Winchip, *Cas.*
KY.....	Elizabethtown .	Arnold & Polk............	Imp. & Traders' Nat. Bank.
MICH...	Adrian	State Savings Bank........	Fourth National Bank.
		Fernando C. Beaman, *Pr.*	Ebenezer I. Waldby, *Cas.*
" ..	"	Whitney's Coml. Exch. Bk.	Merchants' National Bank.
" ..	Mount Clemens	Mount Clemens Savings B.	American Exchange Nat. Bank.
	$ 50,000	Oliver Chapaton, *Pr.*	John W. Porter, *Cas.*
" ..	Oxford	Oxford Exchange Bank....	Continental National Bank.
N. H...	Manchester	Second National Bank.....	....
	$ 100,000	Aretas Blood, *Pr.*	Josiah Carpenter, *Cas.*
OHIO...	Lebanon.......	Lebanon National Bank...	....
	$ 30,564	La Fayette S. Rue, *Pr.*	Joseph M. Oglesby, *Cas.*
" ..	Fayette........	Learned & Letcher Bros...	Geo. Opdyke & Co.
PENN...	Turkey City ...	Turkey City Bank.........	First National Bank.
	$ 100,000	J. W. Hammond, *Pr.*	E. M. Reardon, *Cas.*
S. C....	Beaufort.......	W. H. Lockwood.........	Produce Bank.
TEXAS..	Fort Worth....	City National Bank.......	Donnell, Lawson & Co.
	$ 50,000	A. M. Britton, *Pr.*	S. W. Lomax, *Cas.*
WYO...	Laramie City..	Wagner & Dunbar........	Kountze Brothers.

THE PREMIUM ON GOLD AT NEW YORK.

MAY—JUNE, 1877.

1876.	*Lowest.*	*Highest.*	1877.		*Lowest.*	*Highest.*	1877.		*Lowest.*	*Highest.*
May............	15	16⅜	May	25	7	7	June	11	4⅞	5
June............	16¼	17⅝		26	6¾	7		12	4¾	5⅛
July	11¾	17⅛		28	6½	6⅞		13	4⅞	5¼
August	12¾	14¾		29	6⅝	6¾		14	5	5⅛
September ...	13¾	17¼		30	Holiday			15	5	5⅛
October.......	14½	17⅝		31	6¼	6½		16	5	5⅛
November....	14⅛	16⅜	June	1	5⅞	6⅜		18	5⅛	5⅜
December ...	12⅝	15¼		2	5⅝	6		19	5¼	5½
1877.				4	5⅝	5⅞		20	5⅜	5⅜
January	5¼	7⅛		5	5¾	5⅞		21	5⅜	5⅝
February	4⅝	6		6	5⅝	5⅞		22	5⅝	5⅞
March..........	4½	5⅜		7	5½	5⅝		23	5⅜	5⅝
April..........	4¾	7⅞		8	5¼	5½		25	5¼	5½
May............	5⅝	7⅜		9	5⅛	5⅜		26	5⅛	5⅜

DISSOLVED OR DISCONTINUED.

(Monthly List, continued from June No., page 995.)

N. Y. CITY. William B. Clerke, failed.
" . George B. Watts, failed.

ARK... Nelson & Hanks, *Helena;* resumed business.

ILL..... Home Bank, (McClun, Holder & Co.) *Bloomington;* suspended.
" .. Home Bank, *Casey;* closed.
" .. S. Pulsifer & Co., *Peoria;* suspended.

MICH... Lumberman's Exchange Bank, (J. H. McCollum & Co.) *Ludington;* failed.
" .. C. E. & G. W. Ball, *Midland City;* closing.

MO..... National Bank of State of Missouri, *St. Louis;* in liquidation. Receiver appointed.

NEV.... D. B. Immel & Co., *Eureka;* failed.

N. Y... Rockland Savings Bank, *Nyack;* failed.
" .. Abraham Lewald, *Port Henry;* assigned.

OHIO... Western Reserve Bank, *West Salem;* assigned and winding up.

PENN... Union Savings Bank, *Bath;* suspended.

R. I.... Peirce & Salisbury, *Providence;* closing.

S. C.... Edwin J. Scott & Son, *Columbia;* assigned.

TEXAS.. F. W. Flato, *Flatonia;* closed.

ONT.... Bank of British North America, Branch, *Renfrew;* closed May 31.
" .. McGregor & Brother, *Windsor;* failed.

RECENT CHANGES OF TITLE, ETC.

(Monthly List, continued from June No., page 995.)

DAK.... James M. Woods, *Deadwood City;* succeeded by D. S. Miller.

GA..... Georgia National Bank, *Atlanta;* voluntary liquidation. Succeeded by City Bank of Atlanta. Same officers.

ILL..... Burke, Dubois & Chesnut, *Carlinville;* now Chesnut & Dubois.
" .. Miner, Gary & Webster, *Wheaton;* now Gary & Wheaton.

IND.... First National Bank, *Rockville;* now National Bank of Rockville, Same officers. Capital $ 100,000.

IOWA... Chariton Bank, *Chariton;* now owned by Manning & Penick.

KANSAS. D. W. Powers & Co., *Ellsworth;* now The Powers Bank.
" .. First Nat'l Bank, *Manhattan;* succeeded by Riley Co. Bank. Same officers.

KY..... L. Goodpaster, *Owingsville;* now L. Goodpaster's Executors. J. B. Goodpaster, *Cas.*

MASS... Eleventh Ward National Bank, *Boston;* removed to 264 Devonshire Street.

MICH... First National Bank, *Adrian;* now State Savings Bank. Same stockholders, directors and officers.
" .. Town of *Clam Lake*, (Wexford County); now Cadillac.
" .. Marine B'k, (G. S. Holbert) *Marine City;* now Marine B'k of C. H. Westcott.
" .. Menominee Bank, (Hunt & Frazer) *Menominee;* now James Frazer.
" .. John W. Porter & Co., *Mount Clemens;* succeeded by Mount Clemens Savings Bank. John W. Porter, *Cas.*

MINN... H. H. Bell, *Duluth;* now Bell & Eyster.

OHIO... L. J. Lemert, *Dresden;* now L. J. Lemert & Sons.

TEXAS.. Parker & Flippen, *Bryan;* now W. H. Flippen.
" .. Boaz, Marklee & Co., *Fort Worth;* succeeded by City National Bank.

WIS.... Bank of Tomah, *Tomah;* sold to M. A. Thayer & Co.

QUE.... Metropolitan Bank, *Montreal;* in liquidation.

NOTES ON THE MONEY MARKET.

NEW YORK, JUNE 25, 1877.

Exchange on London at sixty days' sight, 4.88 *a* 4.88½ *in gold.*

As the season advances there is a decided disposition on the part of some of the banks to discriminate against long-date paper, and the result has been seen in a slight advance of the general quotations for commercial bills. Whether this tendency in the rates will go any further is extremely uncertain. Some persons even doubt the possibility of sustaining it, and predict a relapse. Call-loans are more in favor, and there is a greater accumulation of idle capital seeking investment. This state of things is reflected in the bank averages, which show a steady increase in the deposits without a corresponding outlet in the loans and discounts. It is obviously a conservative disposition on the part of the banks which has led them to refuse to discount paper running beyond the month of October, for there is a general anticipation that we shall have a lively movement in business during some portion of next fall. Indeed there are not a few shrewd observers who think that if the war in the East shows no greater probability of coming to an early termination than is visible at present, our money market will be active; inasmuch as the effect which must inevitably be produced upon the demand for our breadstuffs and other exportable commodities, cannot fail to give an impulse to business of every sort, both in the interior of this continent and at our chief cities on the sea-board. Besides this circumstance, there are a multitude of other forces in operation which are likely to stimulate the activity of money in the autumn of this year. In view of these probabilities, many of our banks are acting with great caution, and they are sacrificing present opportunities of doing business to future contingencies promising larger and more solid profit. How far the policy is likely to be continued, and whether it will extend to those banks which have not as yet adopted it, remains to be seen. The averages of the New York banks for the last month compare are follows:

1877.	*Loans.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Deposits.*	*Excess of Reserve.*
May 26......	$253,506,500	$21,348,700	$53,570,400	$16,069,000	$225,432,600	$18,560,950
June 2......	250,754,400	19,844,500	55,899,700	16,143,700	223,481,600	19,873,800
" 9......	251,673,000	19,441,700	55,078,100	16,162,000	223,738,500	18,585,175
" 16......	250,687,500	18,352,100	56,363,600	15,971,000	222,665,800	19,049,250
" 23......	250,416,500	16,209,000	58,255,600	15,765,600	223,316,100	18,635,575

The Clearing-House exhibit of the Boston banks for the past month is as below:

1877.	Loans.	Specie	Legal Tenders.	Deposits.	Circulation.
May 26	$129,151,700	$2,117,300	$7,202,300	$73,469,700	$23,115,200
June 2	129,432,300	1,996,500	7,149,000	75,041,300	23,004,500
" 9	130,777,700	1,923,300	7,135,200	75,640,400	23,297,600
" 16	129,900,700	1,852,200	7,045,000	75,013,200	23,171,300
" 23	130,946,000	1,763,200	7,154,300	75,804,000	23,290,500

The Philadelphia bank statements for the same time are as follows:

1877.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
May 26	$62,173,530	$1,250,753	$18,663,877	$56,628,719	$10,518,176
June 2	62,150,339	1,248,002	19,618,037	58,032,771	10,515,780
" 9	62,408,063	1,330,880	19,789,864	57,943,944	10,479,305
" 16	62,391,869	1,395,980	20,117,424	57,864,933	10,447,845
" 23	62,492,288	1,343,724	20,035,552	57,883,694	10,437,423

The stock market shows very little animation. Governments have been stimulated by the demand in Europe where our public credit seems to have taken recently an upward turn. Savings banks and trust companies, which hold large amounts of Government bonds, are said to be selling their bonds, with a view to take the four per cents or the four and a half per cents of the new loans Of the 100 millions of Governments held in savings banks, trust companies, and similar institutions, nearly one-half, it is supposed, will be likely to come upon the market in consequence of this movement. The demand, however, is well sustained, and the prices are firm at quotations given below. State bonds are quiet, railroad bonds more active, and railroad shares feverish and unsettled. The coal stocks do not as yet show many symptoms of recovery.

The favorable turn in the foreign exchanges is illustrated by the report of the New York Chamber of Commerce for 1876. It shows that of the foreign imports into the United States during the year ending June 30, 1876, amounting in the aggregate to $476,677,871, New York received sixty-five per cent., or $311,712,910. Of the domestic exports, amounting from all the ports of the United States to $655,463,969, New York sent $294,705,902, or forty-five per cent. In comparison with 1875, New York seems to have lost five per cent. of her previous proportion of the trade. The whole foreign commerce of the United States for the last three years has fallen off 187 millions, of which sum New York has lost 138 millions, or 73½ per cent. With respect to the amount of specie in the country, the report of the Chamber of Commerce calls attention to the fact that in November, 1873, Dr. Linderman estimated the quantity of gold and silver in the United States at 140 millions of dollars. Since that period 187 millions have been deposited in the mints, and sixty-five millions have been imported. Deducting the 214 millions of specie exports, the stock of the precious metals appears to have increased thirty-eight millions since 1873, and to have increased from 140 millions to 178 millions at present.

The coal companies have been making some new attempts to extricate themselves from their difficulties. The Reading Company has made arrangements to meet its obligation for July, and an agreement between the Lehigh Coal and Navigation Company and the Central Railroad Company of New Jersey has just been ratified, the chief conditions being that the receivers of the Lehigh and Wilkes Barre Coal Company can now re-organize without foreclosure. The agreement as signed requires the immediate payment of $400,000 by the Central Railroad Company, which will continue to operate the railroads and

canals, and will pay the railroad rental, amounting to $80,000 per month, payment to be made on the 20th of each month. The rentals for the use of the canals, as the sum due on collaterals taken from the Lehigh and Wilkesbarre Coal Company, are to be credited to the Navigation Company upon construction account. The prices of the coal stocks are still depressed. The following are our usual quotations:

QUOTATIONS:	*May 25.*	*June 4.*	*June 11.*	*June 18.*	*June 25.*
Gold.................	107	105¾	104⅞	105⅜	105½
U. S. 5-20s, 1867 Coup.	114½	112¾	112½	112⅝	112½
U. S. new 10-40s Coup	113¾	112⅜	112½	112⅝	112⅝
West. Union Tel. Co..	64¼	60⅜	62⅛	60⅛	57⅛
N. Y. C. & Hudson R.	92½	88½	91⅛	90⅛	89½
Lake Shore...........	50½	46¼	47⅝	47⅞	47⅞
Chicago & Rock Island	94¾	90½	91⅝	92½	91⅞
New Jersey Central...	7	6⅞	6¼	6⅞	7
Del. Lack. & West....	43⅞	39¼	32½	33⅜	33
Delaware & Hudson..	39⅜	36⅛	28¼	27½	30½
North Western........	22⅝	20¼	21¼	21¼	20½
Pacific Mail..........	21¾	20¼	19⅛	19¾	19¼
Erie..................	6½	6	6⅛	5⅞	6
Call Loans............	1½ @ 4	1 @ 3	1½ @ 3	1½ @ 3	1 @ 3
Discounts............	3 @ 7	2¾ @ 6	2¾ @ 6	3 @ 7	3 @ 7
Bills on London........	4.88-4.90	4.88-4.90½	4.88-4.90½	4.88-4.90½	4.88-4.90½
Treasury balances, cur.	$46,728,823	$47,818,287	$48,344,158	$48,278,562	$49,467,827
Do. do. gold.	$76,061,346	$84,229,900	$81,160,301	$79,910,477	$85,809,651

Mr. Richard Seyd has compiled an estimate of the financial resources of the cotton-spinning and manufacturing trade of Lancashire and Cheshire. From his figures we learn that in 1870 the total imports of cotton amounted to 1,339 millions of pounds, and in 1876, to 1,556 millions of pounds, the values of which were fifty-three millions sterling and fifty millions sterling respectively. The total exports in the same years were 238 millions of pounds and 258 millions of pounds. The excess of imports, which in 1870 was 1,101 millions of pounds, rose in 1874 to 1,307 millions of pounds. Although the amount was much greater in 1874 than in 1870, the value of the excess was considerably less, the figures standing at forty-three millions sterling in 1870, and at forty-two millions sterling in 1874. Mr. Seyd states that in "the spinning and manufacturing of this of raw material there are about 1,900 firms engaged in the district above alluded to, including about 270 joint-stock companies under the limited liability act. The nominal capital of these companies (many of which do not issue any report,) may be estimated at about fifteen millions sterling, of which it may fairly be taken that one half (say seven and one-half,) is paid up. The capital of private firms and individuals, (numbering say about 1,600) can be placed at about fifty millions sterling, based on such figures as are obtainable, giving an average of about 30,000 sterling for each firm.

Besides the limited liability companies with their paid-up capital of seven and a half millions sterling, there are firms, each estimated to possess resources as under: Six firms exceeding £1,000,000 each; twelve firms £500,000 each; twenty-six firms £200,000 each; fifty firms £100,000 each; seventy-two firms £75,000 each; 101 firms £50,000 each; 106 firms £30,000 each; 155 firms £20,000 each; 258 firms £10,000 each; 280 firms £5,000 each; 187 firms £2,000 each; 200 firms £1,000 each. These figures give fifty-seven and a half millions sterling as the total capital employed, viz.: fifty millions sterling by private firms, and seven and a half millions sterling by limited companies,

nearly all the shares in which are held by the operatives employed in, or living near to them. This very large amount of seven and a half millions of paid-up capital, (carrying a liability for as much more,) equal to a considerable portion of the whole of the private capital in the same trade, is a most remarkable phenomenon. Many of these limited-company mills have, as a matter of hard fact, paid dividends of from ten to thirty per cent. per annum, and the shares in them are largely bought and sold at high prices.

To show the amount of the balances kept by other banks in the Bank of England, the subjoined table has been published by the London *Economist*:

1876.		*Reserve of Notes and Coin.*	*Bankers' Balances.*	*Proportion of Bankers' Balances to Reserve.*
July	12....	£17,704,000	£15,577,000	88.0 per cent.
"	19....	18,935,000	16,581,000	87.7 "
"	26....	19,723,000	17,239,000	87.5 "
August	2....	19,621,000	16,787,000	85.6 "
"	9....	19,877,000	16,043,000	80.5 "
"	16....	21,018,000	16,197,000	70.0 "
"	23....	20,673,000	16,013,000	77.5 "
"	30....	20,621,000	15,118.000	73.3 "
September	6....	20,987,000	15,810,000	75.4 "
"	13....	21,968,000	16,000,000	72.8 "
"	20....	22,244,000	16,076,000	72.3 "
"	27....	21,851,000	14,620,000	67.0 "
October	4....	20,567,000	13,826,000	67.2 "
"	11....	20,000,000	16,463,000	82.3 "

As there has been so much agitation in regard to the contraction of the smaller greenbacks, we give the subjoined comparative view of the outstanding aggregates at present, compared with those of 30th June, 1875 and 1876:

Greenbacks outstanding.	1877.	1876.	1875.
One dollar	$25,722,153	$28,007,478	$27,416,863
Two dollars	25,938,209	27,480,482	26,345,326
Five dollars	50,103,800	46,318,197	44,852,253
Ten dollars	65,201,067	69,404,859	73,154,545
Twenty dollars	63,153,281	66,378,663	67,382,042
Fifty dollars	35,876,810	35,488,865	31,259,950
One hundred dollars	29,148,160	27,221,740	31,218,600
Five hundred dollars	23,807,500	33,768,500	30,698,000
One thousand dollars	32,761,500	36,703,500	44,444,000
	$361,412,580	$370,772,284	$376,771,580
Deduct unknown	1,000,000	1,000,000	1,000,000
	$360,412,580	$369,772,284	$375,771,580

DEATHS.

At UNIONTOWN, PA., on Wednesday, May 23d, aged fifty-five years, JAMES THOMAS REDBURN, Cashier of the First National Bank of Uniontown from its organization in 1864.

At MAYSVILLE, KENTUCKY, on Monday, June 11th, aged eighty-three years, ANDREW M. JANUARY, President of the Bank of Maysville and its predecessor for nearly forty years.

THE

BANKER'S MAGAZINE,

AND

Statistical Register.

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THE FUTURE OF THE MONEY MARKET.

With the approach of the fall trade, the attention of the financial community is more and more attracted to questions connected with the future monetary movements of the country. The accumulation of deposits and of greenbacks in all our large cities has been active, and the surplus reserves have risen to a level which shows the magnitude of the obstacles that our banks meet in employing their accumulating resources. Two general results have usually been developed under such a state of things as now prevails in the money market. The banks, finding themselves unable to lend as freely as they desire, are forced to lower their rates of interest, and the general average of the loan market is brought down by the active competition to a rate much lower than it should be. Secondly, some of the banks lend to borrowers who would not receive such accommodation at all in a less plethoric condition of the money market, because of their present rating and credit. Moreover, loans are made upon securities and subject to conditions which involve risks and contingencies such as are incompatible with sound banking. The consequence of such a mischievous deviation from the ordinary rules of banking safety is that when business revives, and a pressure is brought to bear upon the banking system, the weaker and more expanded institutions either have to succumb, or they retain their position in their respective clearing houses by the favor of their colleagues. One of the weakest points in our financial system is its inability, as at present conducted, to accumulate in dull

seasons a sufficiént strength in reserves and idle capital, to meet the strain of the spring and fall activity in business, without monetary perturbation and spasmodic movements in the rate of interest.

We have received a brief communication on this subject from an officer of one of the largest banks in this city. He anticipates a return next autumn of mercantile activity with some responsive movements in the loan market. He says:—"An active money market may be expected this fall. The banks throughout the country, it may be feared, are not prepared for the strain. Two in St. Louis have already succumbed, also several in Pennsylvania, and others in Illinois. The long plethora of money has demoralized more or less everybody in the banking business. Commercial money-deposits have been diverted to an unusual degree out of commercial channels into railroad bonds, or real estate securities, and the like, or endorsed renewable paper; so much so that when the wants of commerce come, as come they will in the movement of our large crops, when depositors want their money, a large number of banks will find themselves without available assets. Many may have to suspend or burst; a panic may not follow, but much distrust will The natural laws of physics are not more sure than are the natural laws of commerce. They may lie from extraordinary causes dormant for a time, but they will reassert themselves the first opportunity; the law of the cube in the piece of coarse salt is plainly perceptible, but not so when ground to powder, or held in solution by water. But let the water evaporate, let natural causes take possession of it, and its natural laws reassert themselves. This law of the cube again appears with all its force."

These suggestive observations are well worthy of being considered, not only by those who are expecting an improvement in business, but especially by men whose anticipations are less sanguine. In all our large cities, a considerable aggregate of banking business has been done and a multitude of risks have been accepted, which owe their existence to the temptations referred to by our correspondent. The months of July and August are often the most dangerous to inexperienced, incautious and over-enterprising bankers. Of course it is not known whether we shall have the active business recuperation which is by many persons predicted for the early future. But it is at any rate possible, if not probable. Many observers of great shrewdness and experience deem it almost certain. Hence it will be the part of wisdom for such of our banks as are too much expanded, as well as for such as are in a healthier condition, to hold themselves ready to take advantage of any favorable turn in our mercantile and financial affairs, and when such a conjuncture comes its results may be developed suddenly.

THE PUBLIC DEBT.

The success of the recent loan has attracted considerable attention to the present position of the public debt. It appears that the funded debt amounted at the end of the fiscal year, to $1,697,000,000 against $1,695,000,000 in 1873. This part of the public debt during the last four years has undergone very little change in its aggregate. But as to the elements of which it is made up, considerable change has been made, as will be seen from the subjoined table :

FUNDED DEBT OF THE UNITED STATES.

	June 30, 1873.	*June* 30, 1874.	*June* 30, 1876.	*June* 30, 1877.
	$	$	$	$
4½ per cent. ...	——	——	——	140,000,000
Fives	414,567,300	510,628,050	711,685,800	703,266,650
Sixes.............	1,281,238,650	1,213,624,700	984,999,650	854,621,850
Total funded.	1,695,805,950	1,724,262,750	1,696,685,450	1,697,888,500
Unfunded	452,012,763	419.835,491	402,753,895	362,269,513
Total debt....	2,147,818,713	2,143,088,241	2,099,439,345	2,060,158,013

At the close of the war, the mass of the floating debt was gradually funded into five-twenty six per cent. bonds of which several classes were issued, all of which, except those of the last three issues, have been called in according to law, and notice has been given by the Treasury Department, that the liability of the Government to pay interest on them will cease on a specified day, and that the holders of the bonds should send them in for payment. The larger part of the 5-20s now outstanding, belong to the three classes—the consols of 1865, 1867, and 1868. The figures refer to the date of the issue of the bonds, and in the classes of 1867 and 1868, are printed in red ink on each of the coupons under the figures giving the number of the bonds. The figures are omitted from the coupons of the bonds of 1865, only the number of the bond appearing. These three classes of bonds bear on their coupons the faces of General Sherman, General Grant, Hugh McCulloch, and Andrew Johnson, which appear respectively on the $50, $100, $500, and $1,000 bonds. The interest on the bonds of 1867 and 1868, is payable semi-annually, in January and July, while the bonds of 1865, and of earlier dates, draw interest by their coupons in May and November.

The Government is now calling in the bonds of 1865, calls having previously been made for $35,000,000, in addition to the recent calls for $30,000,000 more. As fast as the sales of the new four per cent. bonds will permit, further calls

may be expected to follow. Before the calls referred to were made, there were outstanding $220,000,000 of the 1865 bonds. The interest on all of these will cease September 11th. The condition of the unfunded debt of the United States showed the following changes at the close of the four fiscal years under review:

UNFUNDED DEBT OF THE UNITED STATES, 1873-1877.

	June 30, 1873.	*June* 30, 1874.	*June* 30, 1876.	*June* 30, 1877.
Greenbacks	$356,079,967	$382,076,732	$369,839,201	$359,828,294
Fractional currency.	44,799,365	45,881,295	34,446,595	20,403,137
Four per cents	678,000	678,000	——	——
Past due debt	51,929,710	3,216,590	3,902,420	16,648,650
Accrued interest	42,356,652	38,939,087	38,514,004	40,882,792
Navy pension fund	14,000,000	14,000,000	14,000,000	14,000,000
Gold notes	39,460,000	22,825,100	28,681,400	41,572,600
Total unfunded	$549,303,694	$506,940,072	$489,383,620	$493,335,473
Less gold balances	87,507,402	74,205,304	73,625,584	115,122,473
Total	461,796,292	432,734,768	415,758,036	378,213,000
Less cur'ncy balances	9,783,529	14,576,010	13,004,141	15,943,487
Net unfunded debt.	$452,012,763	$419,835,491	$402,753,895	$362,269,513

INSOLVENCY AND THE NATIONAL WEALTH.

Insolvencies, in commercial countries, are a good barometer of public and private credit. Hence, the records of these disasters have been more eagerly received, and more generally studied, since the panic of 1873, than ever before. The quarterly report of the mercantile failures of 1877, compiled by Messrs. Dun, Barlow & Co., shows a somewhat healthier condition of business and of credit in most of the wealthier sections of the country. The number of failures in the first six months of this year, has been 4,749 against 4,600 for the corresponding period in 1876. The liabilities involved were in 1876 $108,415,429, and in the present year only $99,606,171. The subjoined table will show the comparison between the failures of the first and second quarters of this year, with the various quarterly returns of previous years.

QUARTERLY REPORTS OF FAILURES, 1875 TO 1877.

	First Quarter.			*Second Quarter.*			*Total for the Year.*		
Y'rs.	*No.*	*Amount.*	*Average.*	*No.*	*Amount.*	*Average.*	*No.*	*Amount.*	*Average.*
1875	1,982	$43,176,953	$21,784	1,581	$33,667,313	$21,295	7,740	$201,060,333	$25,960
1876	2,806	64,644,156	23,038	1,794	43,771,273	24,398	9,092	191,117,786	21,020
1877	2,869	54,538,074	19,010	1,880	45,068,097	23,972	—	——	——

One of the important movements illustrated by this table is that the average liabilities of the insolvents recently reported show a reaction from the late tendency to decrease.

For some time after the panic of 1873, the tendency in the insolvency reports was to descend to a lower average. Throughout the country the number of failures was greater, but the average liabilities of the insolvent firms were, on the whole, declining. Many causes appear to have been at work to produce this result. In 1873 and 1874 the failures of the large firms were very numerous, and many business men, who are on the insolvent list of subsequent years, did not succumb until they had long and hopelessly struggled with a heavy load of obligations, which they slowly and painfully liquidated as they could, and at length were obliged from sheer exhaustion, to fail; their remaining liabilities having been reduced to a comparatively small, but to them unmanageable sum.

Another large class of the failures are those of men of small capital and narrow credit, whose liabilities have been limited by the fact that the insolvents never reached such a status as to enjoy extensive buying facilities. These and other classes of insolvencies have had their ranks filled with more rapidity, no doubt, in consequence of the approach of specie payments and the changes which the expectation of resumption is working in the currency, the credit, and the banking systems of this country. The inquiries of our bankers and merchants into the progress of recuperation and the prospects of business are much facilitated by such reports as that under review. One of its most interesting and valuable features is, that the large commercial cities are reported separately. We can thus compare the mercantile disasters in each of those cities, one with another, and obtain information of a most useful character as to the financial and fiduciary condition of the mercantile community at different periods. The subjoined table gives a complete view of the number and amount of the insolvencies of the United States and of Canada, for the first half of the years 1876 and 1877. It may be advantageously compared with the corresponding records published in this Magazine for previous years.

(*See Table on page 86.*)

The commercial community is under some obligation to Messrs. Dun, Barlow & Co., for the frequency with which the statistics have been issued during the last few years of the insolvencies in our chief cities, and throughout the United States. Independently of the special value of such information to merchants and other persons who distribute credit, there is a peculiar advantage in the statistics of failures when preserved and accurately collated from year to year, inasmuch as they enable our capitalists, our bankers, and our economists, to understand better the course of events, and to forecast the future with more certainty and precision. In France, and other European countries, such statistical investigation is too much neglected, or it is less completely performed

INSOLVENCIES IN THE UNITED STATES AND CANADA, JANUARY TO JUNE, 1876 AND 1877.

States and Territories.	*Total for second Quarter in 1877.* *No. of Failures.*	*Amount of Liabilities.*	*Total for first six months of 1877.* *No of Failures.*	*Amount of Liabilities.*	*Total for first six months of 1876.* *No. of Failures.*	*Amount of Liabilities.*
Alabama	10	$36,300	33	$526,031	38	$480,929
Arizona	—	——	—	——	—	——
Arkansas	5	77,425	15	176,325	23	190,649
California	98	898,197	179	1,456,756	—	——
C. of S. Francisco	39	4,825,816	78	5,802,035	97	1,773,109
Colorado	8	206,500	21	386,400	22	209,341
Connecticut	66	1,079,317	162	2,930,740	98	2,272,694
Dakota	1	2,500	3	18,500	3	67,000
Delaware	2	43,000	8	149,500	9	133,000
Dis. of Columbia	6	617,900	19	733,600	12	54,777
Florida	2	97,500	7	120,500	11	66,000
Georgia	22	219,240	56	703,696	113	2,747,591
Idaho	1	5,000	2	29,500	1	3,500
Illinois	92	2,051,800	244	4,113,800	206	3,895,000
City of Chicago	35	1,408,300	107	4,710,600	93	5,975,900
Indiana	65	1,103,270	178	2,234,885	156	2,131,421
Iowa	50	490,100	222	1,543,400	143	1,576,480
Kansas	9	62,050	22	136,250	29	275,000
Kentucky	55	1,630,100	124	3,943,750	131	4,223,700
Louisiana	21	308,518	31	434,518	55	1,124,793
Maine	28	279,800	54	571,000	78	932,550
Maryland	35	1,151,600	71	1,756,502	76	1,146,892
Massachusetts	90	1,826,445	268	4,190,128	244	7,436,178
City of Boston	10	1,101,400	41	2,161,200	164	7,426,200
Michigan	66	2,535,344	176	4,943,328	252	4,457,844
Minnesota	29	673,955	86	1,096,515	65	364,085
Mississippi	19	83,300	58	599,689	57	493,783
Missouri	18	86,200	43	461,842	53	794,200
City of St. Louis	23	2,670,250	63	3,491,250	41	1,087,233
Montana	—	——	—	——	2	55,000
Nebraska	16	117,400	28	201,300	9	57,200
Nevada	11	107,586	40	460,329	8	62,700
New Hampshire	8	68,500	35	220,162	22	391,500
New Jersey	47	1,259,828	87	1,950,828	79	905,179
New York	213	4,140,878	571	9,845,590	450	9,292,381
C. of New York	181	4,627,268	434	16,545,064	442	18,776,660
North Carolina	42	238,800	65	411,965	94	718,285
Ohio	76	1,136,642	199	3,130,637	204	2,821,857
C. of Cincinnati	22	772,242	56	1,813,890	49	1,609,007
Oregon	8	104,304	18	175,904	14	154,716
Pennsylvania	134	3,367,191	300	6,052,957	236	4,997,649
C. of Philadelphia	37	733,893	83	2,215,873	75	2,691,800
Rhode Island	28	1,335,410	54	2,183,587	89	5,097,746
South Carolina	11	132,236	53	924,496	70	1,258,665
Tennessee	22	191,350	56	602,450	119	1,670,965
Territories	—	——	—	——	—	——
Texas	25	201,697	77	1,006,620	90	1,018,138
Utah	1	4,000	5	30,000	1	6,000
Vermont	15	168,400	49	400,863	29	699,034
Virginia & W. Va.	45	388,843	88	821,660	119	2,781,329
Washington Ter.	3	31,800	4	45,800	3	162,664
Wisconsin	30	368,702	76	1,143,956	127	1,820,105
Wyoming	—	——	—	——	1	37,000
Total	1,880	$45,068,097	4,749	$99,606,171	4,600	$108,415,429
Dom. of Canada	572	$7,576,511	650	$7,575,326	1,223	$15,151,837

than in the United States. Private enterprise is much better adapted for such researches, and under our popular institutions it is scarcely possible that a Government bureau could do the work here satisfactorily. It is to be desired, therefore, that the compilers would continue in subsequent years the accurate and useful statistics with which they have made us so familiar.

In Great Britain, the number of failures in the financial, wholesale mercantile, and manufacturing branches of trade during 1876, were reported by Mr. Richard Seyd, in the London *Times*, to have been 2,056. Of these, the failures in London were 557; those in Liverpool, 87; in Manchester, 128; in Lancashire, 90; in Yorkshire, (excluding Middlesborough and Hull), 287; in Birmingham and the Midland Iron District, 182; in Newcastle, Middlesborough, Hull, and District, 86; in Bristol, Cardiff, Newport, and Swansea, 90; in the rest of England, 379; in Scotland, 133; in Ireland, 37. The total failures in 1865 were 1,450; 1866, 1,610; 1867, 1,564; 1868, 2,145; 1869, 2,315; 1870, 1,351; 1871, 1,122; 1872, 1,326; 1873, 1,745; 1874, 1,751; 1875, 1,720; 1876, 2,065. During the last five years—from 1872 to 1876—the leading branches of wholesale commerce show the following proportions of failures:

FAILURES IN GREAT BRITAIN.

	1872.	1873.	1874.	1875.	1876.
Agents, commission, yarn, &c.	126	177	138	75	192
Boots and shoes	44	112	91	80	116
Cigars and tobacco	11	13	4	8	12
Coals	41	28	65	97	147
Contractors	16	20	37	16	44
Cornmen and millers	59	54	72	63	62
Cotton and colonial brokers	8	21	8	20	15
Cotton spinners and manufacturers	36	44	20	31	42
Curriers, tanners	18	27	33	30	48
Drysalters, oil and color manufacturers	52	62	53	39	44
Dyers, bleachers, and finishers	14	27	27	28	28
Engineers, founders, iron, metal, and hardware manufacturers and merchants	159	179	223	235	243
Glass, lead, and earthenware	16	17	20	13	23
Hats, caps, straw hats	19	17	23	12	23
Wholesale jewelers	21	24	25	81	55
Manufacturers and merchants of woolens, worsteds, elastics, silks, hosiery, stuffs, &c.	123	180	194	192	151
Merchants	164	228	208	247	216
Provisions	39	38	37	59	58
Shipbrokers and owners	28	31	39	49	42
Shipbuilders	7	8	12	8	10
Stationers, wholesale paper manufacturers, &c.	23	20	35	15	37
Tea, coffee, and groceries	23	26	26	13	23
Timber	34	27	27	41	47
Warehousemen, imp. of foreign goods, &c.	83	129	117	110	136
Wines and spirits	94	106	87	121	128
Woolstaplers and merchants	11	13	23	8	15
Woolen and cotton waste	16	40	25	12	33
Total	1,326	1,745	1,751	1,736	2,065

The amount of the liabilities involved in these British failures is not reported. In this respect, as in many others, the foreign statistics are much less complete than our own.

The bankruptcy report of 1875, which is the latest issued in England, shows the results of the 540 failures adjudicated upon in bankruptcy that year. The total liabilities in the 540 estates were £1,168,594, and the dividends declared were £166,164. But these dividends did not proceed from the whole number of estates; they were paid on 272 estates, with liabilities of £769,546, while in 199 estates, with liabilities of £209,609 the whole of the assets were absorbed in legal costs and other expenses; and in sixty-nine estates, with liabilities of £108,439, no assets whatever were realized. The total estates were 540, with liabilities of £1,168,594. On half the estates in number, with liabilities amounting to one-third of the whole, no dividends whatever were declared. Further light is thrown on the process by which the assets were consumed in the course of realizing the estate by a table which gives an analysis of the manner in which these 540 estates were wound up. This table shows the average assets and costs of the different classes of estates, with the rates of dividend paid. In three-quarters of the estates, considerably more than half the assets were absorbed in costs. The subjoined table shows the total failures of 1874 and 1875, with the reported liabilities and assets:

FAILURES IN GREAT BRITAIN—1874 AND 1875.

	Failures.	*Liabilities.*	*Assets.*
1874 ...	7,919 ...	£20,136,670 ...	£5,431,848
1875 ...	7,879 ...	25,533,644 ...	7,332,779

In 1875, £12,483,999 of the above total of £25,533,644, came under liquidation by arrangement, and £6,068,405 under liquidation by composition. Thus only about seven millions out of the twenty-five millions of the total liabilities administered, came under the working of the bankruptcy clauses of the act. To make more intelligible these figures, which are taken from an interesting article in the London *Bankers' Magazine* for July, we may say that in England, all mercantile debtors who fail, are treated under one of the three clauses above referred to, and their estates are wound up, either in bankruptcy, by composition, or by arrangement. To show the relative proportion of these failures, the report states that in 1874 the total failures were 7,919, of which 930 were adjudicated in bankruptcy, 4,440 by arrangement, and 2,549 by composition. In 1875, the total failures were 7,879, of which 965 were bankruptcies, 4,223 arrangements, and 2,691 compositions.

DEPRECIATION OF CAPITAL.

It is estimated that in this country the mercantile capital engaged in industrial pursuits has undergone a shrinkage of from twelve to twenty-five per cent. during the last year and a half. The vast losses which have thus been brought upon our people, have been the subject of considerable remark. The *Economiste Francais*, of 26th May, has an interesting article showing how a similar shrinkage has been going on in Belgium between the years 1874 and 1876. The following table illustrates the extent to which this loss of capital has advanced in several departments of the public wealth :

SHRINKAGE IN VALUES IN BELGIUM, 1874–1876.

	1876.	1875.	1874.
Bonds, Government and Municipal.	$ 267,839,507	$ 269,479,716	$ 271,313,876
Bonds and preferred shares	128,614,541	142,515,271	147,528,415
Shares, bank and finance	72,938,116	96,258,739	118,629,354
Shares, railroad and canal	37,084,374	37,802,147	43,298,127
Shares, pig iron and coal	7,104,375	9,334,750	14,135,000
Shares, iron	8,936,840	10,706,720	13,809,550
Shares, coal mines	41,131,707	48,205,723	51,464,464
Shares, zinc, lead and mining	11,221,705	11,180,893	9,289,195
Shares, linen	4,110,000	4,621,400	5,027,000
Shares, miscellaneous	22,802,762	23,536,311	29,730,905
Shares, foreign	5,864,200	6,384,400	6,901,250
Bonds, foreign	155,799,148	166,745,523	164,569,517
Bonds, in default	7,963,400	9,210,750	9,953,700
Total	$ 771,410,675	$ 835,992,343	$ 885,650,353

It appears from these statistics that in two years the aggregate of the public wealth represented by the securities above mentioned, has fallen thirteen per cent., and the country is the poorer to that extent. How far the prices of 1874 were advanced by speculative causes to too high a level, and whether they are depressed by similar causes to too low an average now, our contemporary does not attempt to determine. Another important question is as to the prospects of the future. The whole mass of securities, which were worth $885,650,353 in 1874, has fallen in price so as to be worth but $771,410,675 in 1876. What has become of the 114 millions of capital which has thus disappeared, and how long Belgium will have to wait before this vast sum of latent capital can once more be recovered and realized, are questions which in the present depressed condition of the bourses of Europe, it is quite impossible to solve with any approximation to accuracy. In Belgium, as in the United States, and in all other commercial countries, a great amount of shrinkage in floating capital has taken place, and the most shrewd

and far-sighted of our bankers and merchants cannot tell how much further the process may go before it brings on the inevitable reaction.

In the report on the internal commerce of the United States for 1876, recently compiled by Mr. Joseph Nimmo, of the Bureau of Statistics, the estimated value of shipping (American and foreign) employed in our foreign trade is reported at $200,000,000, and the value of the railroads of the United States at $4,600,000,000. The value of the goods composing our foreign commerce for the year is reported at $1,121,000,000, while the estimated value of commodities transported by rail in this country for the same period is $18,000,000,000. It thus appears that the value of the American railroads reaches a sum twenty-three times greater than that of the shipping engaged in our foreign trade, and the value of our internal commerce on railroads is about sixteen times more than that of foreign commerce. As to the regulation of railroads by the State, Mr. Nimmo records the progress of the Legislation of Connecticut, Massachusetts, Minnesota, Illinois, Wisconsin, Michigan, Missouri and other States, where the policy has been adopted of attempting to bring the roads under the control of the State authorities. It appears from this report that the principle of State interference for the protection of the people against railroad corporations is becoming popular with all parties, and that in a short time every State will have its railroad commission for the adjustment of freight and passenger rates. The decisions of the U. S. Supreme Court in the Granger cases have given new force and popularity to this policy of State regulation. It is by many persons believed if the Governments of the several States neglect to protect their people there will be a more resistless demand upon Congress for a Federal law giving them adequate relief. Of late years, in several laws, the U. S. Government has asserted its authority over inter-state commerce by rail, and in the absence of the needful legislation by the State Governments, Congress will be persistently urged to interpose. Mr. Nimmo's report gives an account of the subsidy measures in aid of railroads. He demonstrates that such a road could not be made to pay even if it secured all the through traffic between the Western States and the Atlantic Ocean. The profits of the present railroad lines to the West come from their local and passenger business, not from their through freight—whereas the latter would be the sole dependence of the great line proposed. In his opinion, such a road would not pay until the commerce between the East and West has increased to several times its present volume, and has reached some 24,000,000 tons a year.

To show the great shrinkage of railroad values, the report states that at the close of 1876, the aggregate bonds, stock

and debt of the railroads of the United States amounted to $4,775,000,000, of which 38 per cent., or $1,800,000,000 belong to railroad companies in default. But the actual shrinkage or loss in railroad property is at least fifty per cent. of all the capital that has been placed in such investments, or about $2,387,000,000. These statistics are compiled to January. We should add to them the values of the roads which have passed into the hands of receivers, or against which foreclosure proceedings are pending, or which have been sold under foreclosure from January 1st to July 1st, 1877. The total debt and stock of these roads are over $429,000,000. It would be of great service if some competent statistician would compile a table of stock depreciation for the United States similar to that given above for Belgium.

FINANCIAL PANICS, THEIR CAUSES AND RESULTS.

[ABRIDGED FROM THE "CONTEMPORARY REVIEW" FOR APRIL.]

England is not the only country which has suffered and is now suffering from the paralysis of financial trouble, as we shall soon find, if we widen our horizon and direct our eyes to foreign lands. In these latter days, the steamboat, the railway, and the electric telegraph have created an intercommunion of nations, a binding of them up together in one commercial whole, which very intimately connects their financial fortunes with one another. What occurs in one of these organically associated States—for they are nothing less—produces direct and very extensive effects in every other. If one member suffers or rejoices the others are, generally, though not always absolutely, affected in the same manner. Trade knows of no nationalities, if only governments will suffer it to pursue its own course undisturbed. How have the chief commercial nations bowed their heads in suffering under the results of financial panics? Let America be the first to speak. In 1873 she experienced a crisis of a most formidable kind; she has not recovered from the shock at this very hour. Her people have been out of work in large numbers; immigrants have left her borders to return to the old countries. Her commercial centres, her banks, and her financiers, have poured forth loud lamentations over the bankruptcies which have assailed them and the losses they have engendered. Business has dwindled down in districts once alive with energy and hope. Collieries have been reduced to short time; so have iron works, and some have been stopped altogether. Her railways, and still more those of Canada, speak of diminished traffic and curtailed earnings; in not a few dividends have been swept away altogether from their

shareholders. If railway earnings have slain their thousands in England, they have slain ten thousands in America.

Let us now cross the ocean and visit Germany—Germany the conqueror in a great war, and the exacter of an unheard-of indemnity. What do we find in that country? Worse commercial weather at this hour than in any other. Nowhere are louder complaints uttered of the stagnation of trade. Her manufacturing industry is spoken of as paralyzed. The sharpness as well as the unexpectedness of the suffering have been humorously described in the German press, under the guise of the astonishing discovery made by the commercial effects of the great indemnity. It is the gold which Germany received in such profusion which has ruined her trade and made her poor. France paid the millions, and moves with lighter step than any other nation in Europe. Let us have another war, cries the jealous writer; let us be beaten and be sentenced to pay an enormons indemnity; every finger will then point to Germany as the prosperous people. France, with her store of gold, will be in commercial despair. For a long time past Germany's impoverished traders have been raising schemes in her Parliament for the improvement of their condition. The agitation is said to have made even the Imperial Chancellor uneasy; if this is so, it would be impossible to have a stronger sign of how violent has been and continues to be the shock to German industry.

Austria and Hungary repeat the same illustrations of the depression caused by commercial panics. Their cry of distress, however, is pitched in a somewhat less melancholy tone; and so we come round to France, the people whose well-being has been visited with the most violent assaults, and which has met them with the greatest of economical virtues. Her losses and sufferings have surpassed those endured by any other nation, yet the deep, heavy pressure of the commercial paralysis has weighed upon her the least oppressively of all. War has desolated her broad fields and overthrown her industries over great areas of her territory. Her taxation has been suddenly raised by the gigantic sum of $150,000,000 a year—a burden ever recurring, ever oppressing her resources, and devouring the fruits of her painful and persevering toil. The French Ministry of Finance has issued a short statement of the amount of rente, or annual interest on funded debt, for which the nation was liable on January 1st, 1876. The total reached was 748,258,058 francs ($149,651,611), and was thus made up:

Rate of Interest.	*Francs.*		*Dollars.*
Rentes 5 per cent..................	345,975,800	...	69,195,160
" 4½ per cent..................	37,443,636	...	7,488,727
" 4 per cent..................	446,096	...	89,219
" 3 per cent..................	364,392,526	...	72,878,505
	748,258,058	...	149,651,611

—which is a heavy annual charge, and is of course quite distinct from interest on temporary loans and floating debt. In the official *Bulletin de Statistique*, in which these figures appear, the remark is added that, on the first of January, 1870, the funded-debt interest was only 358,087,510 francs ($71,617,502). In six years, therefore, that charge has more than doubled; but it also appears that the number of holders registered has increased during the same period from 1,254,000 to 4,404,763, or in other words, has been multiplied between three and four times. Great, however, as have been the fiscal burdens of the French, their share of the commercial trial has been the severest and largest of all; yet at this hour she exhibits, not the melancholy languor of business so conspicuous in other countries, but the active movements of quickened recovery, heavily clogged though they be by the failure of the silk-worm and the beet-root. She will point for us presently an economical moral of the very highest value. Her recent commercial history repels the objection that the wave of financial suffering broke with less violence on her shore; the facts of her commercial situation were only too plain and too cruel. But they will enable her to teach to all nations the priceless lesson how to contend against, and to overcome, the calamities brought on by reckless folly or moral visitations. The greatest of her disasters, and the vigor and even joyousness of her recovery, will furnish instruction incomparably more vivid and more easily gathered than the technical superficialities, or the pretentious, vague generalizations of economical writers. In one of its most important departments France may be justly called the heroine of political economy.

Such a depression, spread over so many countries, inflicting such continuous distress, and lasting for so long a period of time, the history of trade has probably never before exhibited. It is not the desolation of wide regions under the ravages of savage invaders, nor the disappearance of populations and of wealth under the long-continued and destructive violence of a thirty years' war. It is, with the exception of the Franco-German war, a purely economical phenomenon, the result of conduct whose nature and consequences it is the office of political economy to study and explain. The causes of the suffering are forces which are ever at work on the wealth of nations; the warnings and the remedy, if any, must be derived from the same source. One feature of the situation, in this very relation to economical action, comes forth with transparent prominence. Its severity, its losses, the injury it inflicts on the material welfare and happiness of mankind, are incomparably sharper and more disastrous than any ever inflicted by any so-called crisis in the money market of any country. All the world knows what are the agonies of a Black Friday in the money mar-

ket. The picture has been often painted with its black and heartrending colors, the terror of the banks, the sickening fear of immediate ruin convulsing the great firms, the wild alarm of a frightened imagination converting the possibility of insolvency into certainty, the impassioned cry for help poured out upon the deaf ears of callous bankers by companies gazing on the abyss yawning before them, the agitation of well-nigh every trader in the nation—then the stoppages, the bankruptcies, the impoverishment of unexpecting multitudes—have indelibly impressed themselves on the memory of every man of business. Struck by the powers of such terrible events, the public press for years afterwards refers all uncomfortable features of trade to the agency of the monetary crisis. Its effects are traced down a long period of subsequent time. Such agonies are actual realities, and fearful indeed are the pangs they create; nevertheless this description, so far as it seeks to set forth the true nature of what is happening, is partial, though substantially true. What is a financial crisis, however intense, but the agony of a day of settlement? What is the phantom which fills every commercial mind with terror, but the threatening spectre of insolvency? The question of questions is, Who is to lose, and what can safely be done to prevent loss? Is the great house to fall which holds solid, but, for the moment, unrealizable assets? In the moment of supreme peril shall it be denied the accommodation that it always reckoned on? Or is the mighty bank, with its hosts of depositors, to break, because they are rushing in mad fright to claim the return of their balances in gold, or because it has unwarily trusted speculative companies, which cannot, at a moment's notice, repay the advances they received? No one knows how far he is safe, how far the foundation on which his business has all along proceeded may not now be giving way. But there are two most essential points to grasp in the understanding of these sufferings. These events are effects of causes which have preceded them, and in those causes, and not in those effects, lies their significance for the National wealth; and secondly, they are occurrences in the region of ownership and financial machinery, and not in the region of the wealth itself. They are settlements of losses, determinations of future commercial positions, discoveries of what firms are to disappear, and what other mercantile houses are to succeed them in the future. But the real question for the country is, what has happened or is happening to its wealth, its industry, its power of producing? It is easy to conceive, in imagination, commotions as agitating as those of a Black Friday, and yet which would have little effect on the prosperity of the country. A multitude of landowners might gamble with their estates, and put them at hazard with a machinery which would not disclose the loss till a deferred

period. On the day of settlement the agony might be intense, the terror great, the ruin overwhelming, and the winners established in colossal fortunes, yet the National wealth might be undisturbed; the owners of property would be changed, and that would be all. Quite other would be the result if the gambling had led to a destruction of the productive energies of the country, to a mischievous excess in the conversion of floating into fixed capital, or to similar acts. In such cases the wealth of the country, and the well-being of its inhabitants, would be attacked at the core; the public loss would be most real, and its reparation might be long deferred.

Of the latter character, is the commercial depression from which commerce is now suffering all over the world. A so-called monetary crisis, of itself alone, tells us nothing as to the range of its disorders, and their action on the National prosperity. If they are the consequence of pure gambling, what one man or firm loses, another, perhaps, may have won, and in other respects there may have been but little change. But it is true that these crises do presuppose some destruction of wealth; and so far they are of National importance. It is this destruction which is the economic phenomenon for us to look at. The present depression indicates an amount of disaster, paralysis, and injury to the productive forces of Christendom, with which no convulsion in Wall street or Lombard street can compare. If three banks out of four in the city, or as many mercantile houses were to fail, the injury would be slight, by the side of the effects of these years of suffering.

We are thus brought to the root of the question. What then is the economic cause of which we are in search? Why is it that, for some three years or more, so many countries have been suffering under stagnation of trade, complaining of reduction in business, buying less and selling less, have only diminished profits to reckon up, have hosts of laborers out of employment, have steadily distributed ever scantier wages to their people, have reduced their comforts and enjoyments, and have even sent back emigrant laborers to their old homes, from lack of employment?

No series of bad harvests had destroyed the population. No innovations in legislation, no change in our laws or tariffs, had disturbed the habits and the confidence of traders. No Napoleon had poured forth Berlin decrees, or pounced on the goods of a great commercial people, wherever he could find them, or cut off from large populations their supplies of articles of the highest importance, or isolated mankind into untrading groups. The cause is simpler and deeper than any of these.

That cause is one, and one only; over-spending, over-consuming, destroying more wealth than is reproduced, and its

necessary consequence, poverty. This is the real *fons mali*, the root of all the disorder and the suffering, the creator of the inevitable sequence of cause and effect. Men have acted as a man who farmed his own land, and had consumed not only the portion of the crops which were his true income, and were a surplus remaining over after he had fully provided for all the agricultural operations of the next year, but had, himself and his dependants, devoured a portion of the seed corn and of the breeding stock, had exchanged a portion of the produce which was required for wages in the coming year for foreign luxuries, or had consumed these necessary reserves on an excess of drainage, however valuable in itself and ultimately enriching. Every one perceives the necessary consequences of such conduct in individual life; but when the general condition of a whole people is spoken of the complications are so many and so great, the simple, universal process is so sunk under a multitude of intricacies, that few retain their hold on the ultimate elements which underlie all conduct, whether of the single individual, or of the complex population. But a nation is only an aggregate of individuals. Whether cloth is made by a weaver, or by the agencies of machinery which fills large factories, and employs the most diverse and the most numerous agents, the method always remains the same in principle.

If we bear this governing truth in mind, that analysis will always resolve the action of the single man, and the combined co-operation of a host of workmen under employers, managers, clerks, foremen, merchants, and others, into the same constituent parts, we shall be able to arrive at a clear understanding of this problem. The first offender against the law that to consume more than one makes must land man or nation in difficulties and impoverishment, was America. She constructed an enormous length of railways, which she carried out into the wilderness. In no country, before or since, has such a rush into railway making been ever witnessed. Nor did the passion fall on railways only; docks and canals, elevators and warehouses, walls and gigantic stores, were impelled forward by the same whirlwind. Under these impulses she consumed a vast quantity of food and clothing for laborers. She destroyed coals and machinery in making iron. She fed and rewarded with the contents of her shops and stores the large army of promoters, engineers, managers, book-keepers, brokers, bankers, and other functionaries of every kind. What had she at the end of the operation? Long lines of iron carried over a vast extent of country, holes made in the ground and called tunnels, embankments, and buildings. What all these laborers and functionaries had eaten, drunken, worn, or used up as material, was gone forever; the rails that replaced this consumption, could bring no means of living till after they were in operation for a long

period. The nation was plunged into poverty to the extent of what the railways had devoured in constructing. In the wilderness there was no traffic. And even if the lines had been made in a prosperous district, many years must have elapsed before the shops, warehouses, and factories could contain the same identical wealth as the rails had destroyed.

But railroads enrich; quite true, but so does drainage. If a man spent all his income in draining, what would become of him and his family? They must starve, unless supported by the loans or the charity of others. So with the railways. If what had been consumed in constructing them had been applied to restore the food, clothing, and other things used up by their makers, no one would have been poorer, no one would have had to betake himself to short commons. America acted as the landlord who spent more than he could afford in draining; there was a far smaller quantity of other wealth in the country to support life and to carry on business; there were long lines of rails and poverty.

What occurred in America occurred elsewhere. Let us for example turn to Germany. Here we find the circumstances different; but the substance of the fact the same. Germany became engaged in a gigantic war with France. In these modern days, the cost of armies and armament is enormous; far exceeding that of preceding ages. Immense numbers of troops took the field, and their maintenance alone created a vast consumption of wealth, without any return for it in the production of new capital. Men were carried from their labor in the fields and factories in huge armies, paralyzing industry, stopping the wheels of production and devouring the National wealth. No swifter process can be conceived for impoverishing a nation. That commercial disasters should follow such destruction can create no surprise. Suffering, exhaustion, and poverty, are the natural offspring of war. But did not the indemnity make all right for Germany? Eleven hundred millions of dollars in gold might seem enough to lift any people to the summit of National wealth and prosperity; but it is not sums of money which enrich or bestow welfare and happiness, but what is done with them. A large portion of this money was applied to the making of fortifications, and other military works. No improvement of their productive forces, no relief to their distress, was obtained by the nation. On the contrary, such an application of the French gold, made matters worse for Germany. German labor, and German food and clothing were taken away from that production of wealth which would have brought better times, and were applied to the filling up of military stores in a very unproductive way. Germany would have been most truly and permanently the richer for the French gold, had she sent it away to foreign countries for the purchase of their wealth. It might have brought what

its people wanted into the country. But Germany could get but little gain by obtaining gold solely or chiefly for unproductive uses.

It is indeed believed that a considerable portion of this French gold has been hoarded as a reserve against future war. *That* gold does nothing to clear away the commercial depression; it sets no mills to work, gives employment to no laborers, imports no supplies of corn, meat, coffee, and clothing for the people, or raw material for their industry; it is idle, and not very much better than if it were non-existent.

But there is another portion of this French gold of which there is yet worse to tell. The German Governments were embarrassed with the excess of this metallic stock, and lent much of it to traders and speculators. To what better purpose could they have applied it? It will be asked. To none, but upon one condition—that it should be sent out of Germany. Its export would have placed in Germany useful things in the place of useless tools for exchanging, of which there were already enough. But by being retained in Germany and lent to borrowers, it not only was unproductive of all good, but was really engendering mischiefs peculiarly its own. The borrowers took to buying German goods; prices rose in the shops and warehouses all over the country; profits were realized, and wages gained advances; and then the evil consequences soon appeared upon the scene. An increase of spending broke out all round; there was money in hand; it was applied to buying things pleasant and enjoyable. A higher style of living was adopted; in other words, a larger and more rapid consumption of wealth prevailed. And what was obtained in exchange? The gold, which did not restore the wealth consumed, but only transferred existing things from one set of hands to another. Did not the humorist stand on the ground of plausibility when he exclaimed, "Let us have another war, and let the Germans have to pay the indemnity."

If now we turn our eyes to France, how different and how startling is the picture which presents itself to our gaze. Here we were bound to expect the sight of acute suffering, financial depression, stagnation of trade, poverty, and misery. The war had been infinitely more oppressive to France than to Germany, for it had been waged within her territory. She had lost two valuable provinces and their resources at its termination. A fine of unheard-of magnitude had been imposed and paid. One hundred and fifty millions of dollars of taxation had been added to a budget already severe. Much of the fixed capital of the nation, of its factories and machinery, had been destroyed or injured by the war. Where could ruin and depression be more naturally looked for? Yet what a spectacle does France offer to the observer? The piled-up load of taxation is borne with ease. Her industry

is in full play. No sense of poverty weighs down the people. Her army is undergoing a thorough and successful transformation; guns and military stores—what they cost in these days is known to all—are swiftly being accumulated. Great has been the astonishment at Berlin. Eighteen months ago a violent scare sprang up in that town; the conqueror fell into vehement fear of the conquered. Germany awoke from her dream of security. The great military chiefs loudly called for a second war to break up an enemy whom neither defeat nor chastisement could crush. To what was this most unlooked-for and most astounding sight due? To the practice of one of the very greatest of economical virtues. She had saved. Her eight millions of peasant proprietors had lifted their country out of the depths of adversity by invigorated energy and reduced consumption. If more had to be paid to the tax-gatherer, the peasant gave up meat or other indulgences ratner than diminish his means of maintaining his farm or his vineyard at its former level of efficiency. No doubt France obtained very valuable aid from the inveterate hoarding of her people. Then it was that stores of gold could do vital service. They had lain buried in hidden stockings, useless and unproductive; but the German asked for gold, and here was gold ready to be given to him without any injury to the paying nation. The peasant lent his gold to his government, who passed it on to Germany; he was compensated with an annuity derived from an augmented national debt; and that interest, that annuity, he helped his country to pay by the sacrifice of more time and labor on his work, and the giving up of many of his small comforts. These are the realities of political economy, and what fruit do they not bear?

If now we cross over to England we still find that the same general causes have been at work, producing similar results; but their mode of action has been somewhat different. England has not in the period we speak of, broken out into an excessive construction of railways, nor has she experienced a war, much less had to pay a great indemnity. The depression succeeded a period of exceptional and excited prosperity. America had bought largely of British iron for its railways; the Franco-German war stopped much of the manufacturing trade of both countries; England filled up the gap, and supplied nations which previously had drawn many of their imports from the now warring States. Business flourished, prices rose, large profits were earned; and the time for mischief set in. New works were constructed, new coal mines were opened, factories reared on every side; Cleveland was busy in making shafts—in other words, an undue quantity of wealth was consumed in creating works which would not repay their cost until a distant future. Bounds of prudence were exceeded; impoverishment was the inevi-

table result. The high profits and the advanced wages led to more expensive living; unproductive competition was enlarged; men thought that a new era had dawned for a vast increase of the coal and iron industries of the nation, and all rejoiced together in augmented consumption of the stock of wealth. Presently the temporary causes of the excitement ceased; the return of peace stopped the war demand for English goods. Prices fell, and the half-finished factories survived to show how much money had been sunk, and what a waste of capital had been going on. What is the deduction from all this? Is it that England had a good time of selling, whilst competitors were idle, and other nations were spending their capital in the purchase of her goods, and that afterwards the irregular prosperity had ceased? To this important lesson shall we not add that the commercial depression, so long, so monotonous, so heavy, and so dull, has come, in part, from the excessive consumption of English capital in fixed works of slow productive returns, and in profuse prodigality in living, which destroyed wealth without repairing it with new production? English saving, unlike the French, has not yet replaced the loss. The whole of the capital of a nation might easily be eaten up and consumed in pleasant things even in three years; how long would be the depression that would follow? If a farmer spent the whole of his crops in buying fresh horses and agricultural machines, in raising new barns and putting in fresh drains, where would he and his people be in the succeeding year? A mere return to ordinary prices and profits from the cessation of exceptional activity would not generate a depression of any importance; it is what is done during the prosperity that breeds the evil to come and to last.

Poverty is mended only by saving; and saving, unless under very exceptional circumstances, is a slow process. A nation whose customers cover the whole world is bound up with the fortunes of countries of the most diverse commercial conditions. That the construction of railways will be revived and will be pushed on with the wonted vigor, is indisputable; it is a necessity of civilization. But when will the work recommence? That no one is able to foresee. And if the United States renews her railroad extensions, will she buy her iron and steel rails at home or abroad? That is a question which experience alone will be able to answer. So also of other commodities and of other countries. Will they draw their supplies from their own productive resources, or from elsewhere? Whatever be the solution of the problems, the chief commercial countries of the world have lived beyond their means; and they should welcome alike the spasms of recuperation or the discomforts of convalescence, for both are full of hope for the future.

DEPOSIT BANKING AND ITS EARLY DEVELOPMENT.

Many conflicting opinions have been published as to the antiquity of the organization of deposit banking during the early commercial growth of Europe. One of the latest contributions to this much agitated question, is the paper read a short time ago by Mr. F. G. Milton Price, before the London and Middlesex Archæological Society, on the early Goldsmiths of London, previous to the close of the seventeenth century. In the opinion of Professor Levi, and many other modern writers, the origin of banks in Western Europe was due to the Jewish settlers from the East, but Mr. Price suggested that the origin should strictly be ascribed to a much earlier date. He asserted that exchange operations must have been familiar to the merchants of the Mediterranean during the Roman Empire, and that probably they had been in familiar use for many ages previously. The Greeks were not, we may presume, in the very highest position as bankers and dealers in foreign exchange, if at least we may argue upon the contemptous phrase, "Græca Fides," or Greek credit, which meant in the Latin vernacular no credit at all. As to the Romans, however, it is evident from certain passages in Cicero, and other writers of his day, that the merchants were in the habit of drawing and negotiating bills of exchange as a means of remitting money to distant places. Mr. Price, without dwelling on these facts as to the primitive history of banking, proceeded to discuss his special subject, which was the early progress of banking in England. Soon after the conquest, the Jews became conspicuous in London as dealers in bills of exchange. In the reign of Henry the First, one Leofstane, Provost of London, and a little later, Fritz Alwyn, and two if not three generations of the Ottos or Othos, are reported as goldsmiths and bankers, and as making dies for the Royal and Episcopal mints. Again, in the reign of Henry the Third, one Thomas Frowick, Alderman of the ward of cheap and warden of the goldsmith's company, is reported as lending money and making a crown of gold for the Queen consort of King Edward. After the expulsion of the Jews from England, the Lombards succeeded to their business, and, settling in the heart of the city, gave their name to Lombard Street, where, says Stow, "they assembled twice every day," their business evidently being connected with money negotiations. Other Goldsmiths in the next two centuries, are referred to by Stow. But we know little about these early bankers, except their names, and the fact that one

William Walworth, Sheriff of London, was at the corner of Friday Street, in the Cheap, while the residence and shop of Matthew Shore, husband of the notorious Jane Shore, was at the Grasshopper, in Lombard Street. The craft grew more important under the Stuarts, and the Goldsmith's company reckoned among its members several men of eminence, most of whom appeared to have lived in or about the "Cheap," the bankers not settling extensively in Lombard Street till after the great fire of London. Under Henry VIII, lived Sir Richard Gresham, the "King's Exchanger," and his son Sir Thomas Gresham, who was the founder of the Royal Exchange, and also of Gresham college. At his death, the bulk of his wealth was found to consist of gold chains. In the reign of Elizabeth, one of the craft named Wheeler moved westward as far as Fleet Street. Here he established himself as a "Goldsmith keeping running cash accounts" at the sign of the "Marygold," and became virtually the founder of the bank known as Messrs. Childs. Under the Tudors the Goldsmiths appear to have kept their superfluous reserves of the precious metals in the Tower of London; but they found the Stewart kings bad custodians of their gold, as royalty had an unfortunate proclivity to appropriate for its purposes the treasures belonging to private individuals. Thenceforth the bankers began to keep their reserves of the precious metals in their own strong rooms, which the country gentlemen found to be useful places of security for the deposit of their rents and other monetary income. They took from the banker receipts or cash notes for these cash deposits, and were permitted to draw drafts on the custodians of their money, which drafts were payable on demand. Out of such beginnings naturally grew up the modern system of banking; the Goldsmiths acting also occasionally as pawnbrokers, advancing money on the plate and other valuables deposited with them for safety. Mr. Price afterwards showed how the Goldsmiths were in the habit of lending the money deposited upon their "running cash accounts," to the Royal Exchequer, till Charles II suddenly closed that branch of the Government Treasury. The shutting up of the Exchequer gave a heavy blow to the incipient banking business. The King seized upon more than a million sterling, and temporarily confiscated it. Indeed, it was never paid back, though often promised, and it was at length funded as part of the public debt. The lecturer then traced the history of the Pinckneys, Vyners, Duncombes, Snows, Meynells, Backwells, and other banking magnates of the British metropolis. These early bankers and goldsmiths became the heads and founders of banking houses in London. Among the illustrations offered of the old methods of business were transcripts of the accounts of Prince Rupert with Messrs Backwell, and of Prince George of Denmark, with Messrs Child & Rogers. Mr. Price con-

cluded his interesting paper by identifying five of the existing London banking firms, with those mentioned in the "*Little London Directory of 1667*." These firms were Messrs Marton, Child, Hoare, Barnett, and Willis Percival and Co. The late Mr. Bagehot refers as follows to the more important incidents narrated above. His account throws some new light upon them. He says:

"The first banks were not founded for our system of deposit banking, or for any thing like it. They were founded for much more pressing reasons, and having been founded, they, or copies from them, were applied to our modern uses. The earliest banks of Italy, where the name began, were finance companies. The Bank of St. George, at Genoa, and other banks founded in imitation of it, were at first only companies to make loan to, and float loans for the Governments of the cities in which they were formed. The want of money is an urgent want of Governments at most periods, and seldom more urgent than it was in the tumultuous Italian republics of the middle ages. After these banks had been long established they began to do what we call banking business; but at first they never thought of it. The great banks of the North of Europe had their origin in a want still more curious. The notion of its being a prime business of a bank to give good coin has passed out of men's memories; but wherever it is felt, there is no want of business more keen and urgent."

Adam Smith describes this fundamental necessity as follows: "The currency of a great State, such as France or England, generally consists almost entirely of its own coin. Should this currency, therefore, be at any time worn, clipt, or otherwise degraded below its standard value, the State by a reformation of its coin can effectually re-establish its currency. But the currency of a small State, such as Genoa or Hamburgh, can seldom consist altogether in its coin, but must be made up, in a great measure, of the coins of all the neighboring States with which its inhabitants have a continual intercourse. Such a State, by reforming its coin, will not always be able to reform its currency. If foreign bills of exchange are paid in this currency, the uncertain value of any sum of what is in its own nature so uncertain, must render the exchange always very much against such a State, its currency being, in all foreign States, necessarily valued even below what it is worth.

"In order to remedy the inconvenience to which this disadvantageous exchange must have subjected their merchants, such small States, when they began to attend to the interest of trade, have frequently enacted, that foreign bills of exchange of a certain value should be paid, not in common currency, but by an order upon, or by a transfer in, the books of a certain bank, established upon the credit and under the

protection of the State, this bank being always obliged to pay, in good and true money exactly according to the standard of the State. The banks of Venice, Genoa, Amsterdam, Hamburgh and Nuremburg, seem to have been all originally established with this view, though some of them have afterwards been made subservient to other purposes. The money of such banks, being better than the common currency of the country, necessarily bore an agio, which was greater or smaller, according as the currency was supposed to be more or less declared below the standard of the State. The agio of the Bank of Hamburgh, for example, which is said to be commonly about fourteen per cent., is the supposed difference between the good standard money of the State, and the clipt, worn and diminished currency poured into it from all the neighboring States. Before 1609 the great quantity of clipt and worn foreign coin, which the extensive trade of Amsterdam brought from all parts of Europe, reduced the value of its currency about nine per cent. below that of good money fresh from the mint. Such money no sooner appeared than it was melted down or carried away, as it always is in such circumstances. The merchants, with plenty of currency, could not always find a sufficient quantity of good money to pay their bills of exchange; and the value of those bills, in spite of several regulations which were made to prevent it, became in a great measure uncertain. In order to remedy these inconveniences, a bank was established in 1609 under the guarantee of the city. This bank received both foreign coin and the light and worn coin of the country at its real intrinsic value in the good standard money of the country, deducting only so much as was necessary for defraying the expense of coinage, and the other necessary expense of management. For the value which remained, after this small deduction was made, it gave a credit in its books. This credit was called bank money, which, as it represented money exactly according to the standard of the mint, was always at the same real value, and intrinsically worth more than current money. It was at the same time enacted, that all bills drawn upon or negotiated at Amsterdam of the value of six hundred guilders and upwards should be paid in bank money, which at once took away all uncertainty in the value of those bills. Every merchant, in consequence of this regulation, was obliged to keep an account with the bank in order to pay his foreign bills of exchange, which necessarily occasioned a certain demand for bank money."

Next to the United States, the country where deposit banking is most diffused is probably Scotland, and there the profits of the banking business half a century ago were entirely derived from the circulation. Things are much changed now. The note issue is only a subordinate part of the source of their former profits, yielding them now very small

gains in comparison. Up to 1880 in England, the dividends of the banks were earned chiefly from the circulation, and for many years after that term the deposits were treated as of minor importance. The French are still in the same epoch of banking development. Their great *enquete* of 1865 is wholly taken up with discussions about the currency, and deposit banking is treated as quite subordinate. The last weekly statement before the German war showed that the circulation of the Bank of France was $296,220,000, and that the private deposits were only $85,635,000. In the report of June, 1877, the private deposits were $137,567,902, and the circulation was $485,963,700. So difficult is it in even a great country like France for the deposit system of banking to establish itself with the strength and vigor that it has in the United States, in Switzerland and in England.

No new branch has been opened by the Bank of France since that established at Le Puy, 19th February, 1877. The law of January 27th, 1873, enacted that in each of the departments, the Bank of France should open a branch as soon as possible. There are, however, thirteen cities in as many departments, where there are as yet no branch banks. These cities are, Meaux, La-Roche-Surmon, Mont-de-Marsan, Gap, Foix, Belfort, Dieppe, Tulle, Mende, Aurillac, Tarbes, Cahors, and Bourg.

The experience of Germany is the same. The accounts preceding the war in North Germany showed the circulation of the issuing banks to be $199,375,000, and the deposits to be $32,360,000, while the circulation now is $300,000,000, and the deposits $40,000,000.

The reason why in any commercial country the use of bank paper commonly precedes the habit of making deposits in banks, says Mr. Bagehot, "is very plain. It is a far easier habit to establish. In the issue of notes the banker, the person to be most benefited can do something. He can pay away his own "promises" in loans, in wages, or in payment of debts. But in the getting of deposits he is passive. His issues depend on himself; his deposits on the favor of others. And to the public the change is far easier too. To collect a great mass of deposits with the same banker, a great number of persons must agree to do something. But to establish a note circulation a large number of persons need only do nothing. They receive the banker's notes in the course of their business, and they have only not to take those notes to bankers for payment. If the public refrain from taking trouble, a paper circulation is immediately in existence. A paper circulation is begun by the banker, and requires no effort on the part of the public; on the contrary it needs an effort of the public to be rid of notes once issued. But deposit banking cannot be begun by the banker, and requires a spontaneous and consistent effort in the community. And

therefore, paper issue is the natural prelude to deposit banking. A system of note issues is therefore the best introduction to a large system of deposit banking. As yet, historically, it is the only introduction. No nation has ever arrived at a great system of deposit banking without going first through the preliminary stage of note issues. The essence of deposit banking is that a very large number of persons agree to trust a few persons, or some one person. Banking would not be a profitable trade if bankers were not a small number, and depositors in comparison an immense number. But to get a great number of persons to do exactly the same thing is always very difficult." Indeed, nothing but a very pressing necessity will make them begin to do it. If you take a country town in France, as we have said, you will not find any such system of banking as that which exists in this country. Cheque-books are unknown, and money kept on running account by bankers is rare. People bury their money or hide it in old stockings at home. Steady savings, which are waiting for investment, deposits which bankers can use because they are sure not to be soon wanted, are scarce, for the simple reason that the ordinary floating cash of the community is kept by the people at home. They prefer to keep it so, and as it would not pay any bank to make extensive arrangements for keeping what the owners do not desire to place out of their hands, the progress of deposit banking has been slower in France and throughout the whole of Europe, than in the United States. What has been the effect of this slower or quicker development of bank deposits on the rapidity of the growth of natural wealth in the various countries, is a question that merits more attention than it has heretofore received.

BANK CIRCULATION IN CONTINENTAL EUROPE, 1871–1876.

	1871. $	1872. $	1873. $	1874. $	1875. $	1876. $
Switzerland, 32 banks.	4,900,000	6,270,000	9,525,000	13,010,000	15,420,000	16,140,000
Belgium, Nat. Bank.	40,430,000	50.385,000	66,495,000	61,140,000	63,720,000	66,745,000
Holland, Netherland Bank.	65,985,000	72,085,000	68,780,000	73,170,000	76,305,000	77,860,000
Germany, 19 Banks.	—	—	—	—	—	230,470,000
France, B'k of France.	—	—	—	—	—	496,740,000

The amount of the bank note circulation of Great Britain is reported as follows, for 12th May, 1877:

	No. of banks.		*Amount in Sterling.*		*Amouut in Dollars.*
Bank of England......	1	...	£28,550,000	...	$142,750,000
Private banks........	112	...	2,447,000	...	12,235,000
Joint-stock banks......	52	...	2,289,000	...	11,445,000
Banks in Scotland....	11	...	4,290,000	...	21,450,000
Banks in Ireland.......	6	...	3,153,000	...	15,765,000
Total...........	182	...	£40,729,000	...	$203,645,000

TAXATION IN ENGLAND.

It may be interesting to compare the fiscal reports as to taxation and revenue in this country with some of the corresponding returns for Great Britain. The taxation in the United Kingdom is of two general kinds, imperial and local. The following table shows the gradual increase of the imperial revenue from various sources since the beginning of this century:

GROSS REVENUE OF THE BRITISH GOVERNMENT 1800 TO 1876.

Year.	*From Customs.*	*From Internal Revenue.*	*From all other sources.*	*Total income.*
1800	£6,728,216	£10,840,406	£16,516,962	£34,145,584
1810	10,876,273	24,767,772	31,500,497	67,144,542
1820	9,837,279	27,929,832	16,287,644	54,054,755
1830	17,540,322	18,644,384	13,861,910	50,056,616
1840	21,784,499	13,751,968	12,031,098	74,567,565
1850	20,442,170	14,316,083	18,052,427	52.810,680
1860	23,305,776	19,435,000	27,542,898	70,283,674
1870	21,449,843	21,879,238	32,345,115	75,674,196
1871	20,238,880	22,833,907	26,872,787	69,945,220
1872	20,225,892	23,386,064	31,096,358	74,708,314
1873	20,976,236	25,904,450	29,728,084	76,608,770
1874	20,323,325	27,115,969	29,896,363	77,335,657
1875	19,301,326	27,254,132	28,366,415	74,921,873
1876	20,341,502	28,299,819	29,994,722	78,636,043

From these figures it appears that the gross revenue of the British government has increased from thirty-four millions sterling in 1800 and fifty millions in 1830, to seventy-eight millions at present. The expenditure for the debt, the army and for other purposes is reported as follows:

GROSS DISBURSEMENTS OF THE BRITISH GOVERNMENT 1800–1876.

Year.	*National debt.*	*Army.*	*Navy.*	*Civil List.*	*Total.*
1800	£17,381,473	£21,410,209	£14,725,909	£2,938,421	£56,456,012
1810	24,246,948	27,847,222	20,021,512	4,682,661	76,798,343
1820	31,157,847	10,037,106	6,387,799	4,416,507	51,999,259
1830	29,118,858	8,605,071	5,309,605	4,109,409	47,142,943
1840	29,381,718	8,521,907	5,597,511	5,660,400	49,161,536
1850	28,091,589	8,955,060	6,437,883	6,747,342	50,231,874
1860	26,231,018	18,013,896	13,331,668	15,265,477	72,842,059
1870	27,053,560	15,065,400	9,757,290	17,276,092	69,152,342
1871	26,826,437	13,430,400	9,456,641	19,985,061	69,698,539
1872	26,839,601	16,231,580	9,900,486	18,787,256	71,758,923
1873	26,804,853	15,721,200	9,543,000	19,953,595	70,714,448
1874	26,706,726	15,640,964	10,279,900	22,838,920	76,466,510
1875	27,094,480	15,698,549	10,680,404	21,329,607	74,928,040
1876	27,443,750	16,029,106	11,063,449	26,411,325	80,947,630

The public debt of Great Britain in 1876 was reported at £776,970,544, of which the funded debt is £713,657,517, the unfunded debt £11,401,800, and the estimated capital

of the annuities £51,811,237. The following table shows the gradual increase of the debt during the last two centuries:

AMOUNT OF BRITISH NATIONAL DEBT 1688–1876.

1688	...	£ 664,264	....	1863	...	£824,635,055
1702	...	12,767,225	....	1864	...	821,290,829
1714	...	36,175,460	....	1865	...	816,352,974
1727	...	52,523,023	....	1866	...	807,563,924
1760	...	102,014,018	....	1867	...	805,666,938
1820	...	834,900,960	....	1868	...	806,572,884
1830	...	784,803,997	....	1869	...	805,480,164
1837	...	787,529,114	....	1870	...	801,406,561
1857	...	835,676,254	....	1871	...	796,104,155
1858	...	829,634,258	....	1872	...	792,661,132
1859	...	830,757,193	....	1873	...	785,761,762
1860	...	825,692,772	....	1874	...	779,283,245
1861	...	824,607,459	....	1875	...	775,348,386
1862	...	824,136,394	....	1876	...	776,970,544

From these figures it appears that the process of paying off the British debt is not a very rapid one. The annual charge for the British national debt is reported as follows:

ANNUAL INTEREST ON THE NATIONAL DEBT 1792–1876.

	1792.	1816.	1846.	1856.	1866.	1876.
Charges for	£	£	£	£	£	£
Funded debt........	7,817,750	28,563,592	23,739,573	23,378,634	23,542,594	21,415,932
Unfunded debt......	346,713	1,998,937	421,432	870,284	328,800	207,380
Terminable annuities.	1,307,212	1,894,612	3,916,982	3,863,907	2,361,894	5,364,487
Total charge......	9,471,675	32,457,141	28,077,987	28,112,825	26,233,288	26,987,799

Prior to the Napoleonic wars in 1793, the yearly interest on the British national debt was 9½ millions sterling. On the return of peace it had increased to 32½ millions. It was gradually reduced till, in 1866, the amount was twenty-six millions sterling. It has since increased to twenty-seven millions. But this increase is confined to the terminable annuities which in a few years will cease altogether. So that this temporary increase is paving the way for a permanent diminution in the yearly charges of the public debt.

The second branch of the fiscal burdens of the United Kingdom is the local taxation. The official report of this part of the British system of imposts has just been published. The total sum of this taxation is £27,312,874, besides which there were receipts from loans and other sources of £16,000,000, making the aggregate receipts £43,375,455. The subjoined table shows the amount of taxation with the supplementary receipts for the year:

RECEIPTS FROM LOCAL TAXATION IN GREAT BRITAIN, 1875–6.

	Local Taxation.	*Imperial Taxation.*	*Receipts from Loans.*	*Other Receipts.*	*Total. Receipts.*
1. Rates on property....	£22,476,484	£1,886,076	£8,319,070	£3,623,187	£36,304,817
2. Tolls, dues, and rents on traffic..........	4,469,655	6,122	1,846,741	380,885	6,703,403
3. Duties on consumable articles............	366,735	—	—	500	367,235
Total............	£27,312,874	£1,892,198	£10,165,811	£4,004,572	£43,375,455

It thus appears that of the forty-three millions sterling expended, twenty-nine millions were derived from local and imperial taxation, and fourteen millions from loans and other fiscal expedients. The aggregate of the debts incurred in anticipation of local taxation, or by way of mortgage upon it, amount to almost one hundred millions sterling, as will be seen from the subjoined table of receipts, expenditures and loans:

Description of Revenue.	*Receipts from Local taxes.*	*Receipts from Treas'y Grants, Loans, etc.*	*Total Receipts.*	*Total. Expenditures.*	*Loans Outstanding.*
1. Rates	£22,476,484	£13,828,333	£36,304,817	£36,801,443	£70,642,856
2. Tolls, dues, and rents.	4,469,655	2,233,748	6,703,403	6,182,628	27,186,362
3. Duties	366,735	500	367,235	361,120	1,825,000
Grand total	£27,312,874	£16,062,581	£43,375,455	£43,345,191	£99,654,218

Of the loans outstanding as above given, £70,642,856 were secured on rates, £27,186,362 on tolls and dues, and £1,825,000 on certain specific duties of the city of London on coal, wine, and grain. It appears that the gross estimated yearly rental of the property liable to taxation was £140,524,319, and its annual rateable value £119,079,589.

Such is the pressure of the fiscal burdens under which the British Empire has grown up to its present strength and development, and this notwithstanding all the predictions of the prophets of evil who have in every successive age declared that the nation would be crushed by its towering pyramid of taxation. As Macaulay very truly observes, these sinister prophecies convict those who uttered them of two signal blunders. These men erred in regard to the relative magnitude of the burden, and so they overestimated its pressure; and secondly, they underestimated the sources of that growing national strength which makes it comparatively easier to bear the present load of the public debts of modern nations, than it would have been half a century ago to bear a much smaller burden. To show the growth in England of two of the chief elements of national wealth and productive power during the last sixty years, Professor Leone Levi gives some statistics, from which we compile the subjoined tables:

INCOME REPORTED FROM TRADES AND PROFESSIONS IN GREAT BRITAIN, 1814–1870.

England.	1814-15.	1869-70.	*Increase per cent.*
Agricultural counties	£7,736,000	£18,367,000	137
Industrial and mining counties	3,059,000	20,536,000	571
Textile counties	4,927,000	43,344,000	779
Metropolitan counties	18,258,000	64,068,000	250
England	£33,980,000	£146,315,000	330
Wales	307,000	3,554,000	1,057
Scotland	2,771,000	16,624,000	499
Great Britain	£37,058,000	£166,493,000	349

INCOME REPORTED FROM PROPERTY IN GREAT BRITAIN, 1814–1870.

England.	1814-15.		1869-70.		*Increase per cent.*
Agricultural counties	£21,712,000	...	£35,692,000	...	64
Industrial and mining counties	8,889,000	...	17,165,000	...	93
Textile counties	16,714,000	...	28,982,000	...	169
Metropolitan counties	9,856,000	...	31,153,000	...	216
England	£51,171,000	...	£112,992,000	...	120
Wales	2,324,000	...	4,560,000	...	96
Scotland	6,644,000	...	14,272,000	...	115
Great Britain	£60,139,000	...	£131,824,000	...	119

POPULATION OF GREAT BRITAIN, 1811–1871.

England.	1811.		1871.		*Increase per cent.*
Agricultural counties	£3,561,000	...	£5,814,000	...	63
Industrial and mining counties	1,795,000	...	4,374,000	...	143
Textile counties	2,358,000	...	6,404,000	...	171
Metropolitan counties	1,839,000	...	4,896,000	...	—
England	£9,553,000	...	£21,488,000	...	125
Wales	611,000	...	1,216,000	...	98
Scotland	1,805,000	...	3,359,000	...	96
Great Britain	£11,969,000	...	£26,063,000	...	118

In a future article we shall endeavor to compile a set of like comparisons from the statistical reports of taxation and public wealth in the United States.

THE SUEZ CANAL AND TRADE WITH THE ORIENT.

BY DR. GEORGE MARSLAND.

We publish elsewhere an article on the Commercial Supremacy of the United States. The growth of the general trade with the Orient receives some important illustrations from the report presented to the annual meeting of the Suez Canal Company, lately held in Paris. In the year 1876, the gross earnings of the Suez Canal were reported at $6,228,752, against $6,165,438 in 1875. The operating expenses were $3,448,931 in 1876, and $3,559,681 in 1875. The interest on the bonds, the dividends on the shares, and the sinking fund, required in 1876 $2,358,865, leaving the aggregate of net earnings $421,666, to be divided according to the statutes of the company. These statutes provide that the net earnings in excess of the five per cent. interest on the shares shall be distributed as follows: fifteen per cent. to the Egyptian government; ten per cent. to the founders' shares; two per cent. to form an invalid fund for the employees of the company; seventy-one per cent. as dividend on the 400,000 shares; and

two per cent. to the managing directors. During the year 1876, 1,457 vessels agregating 3,072,107 tons passed through the canal. The increase in the number of vessels has not extended the time required for the total distance. The average time of the transit in 1876, was seventeen hours, and allowing for stoppages by night and day, thirty-nine hours. The receipts for transportation in 1876, were $ 5,994,399. The average tonnage has increased in 1876, to 2,108 tons. The dividend for 1876 was fixed at 3.55 francs per share of 500 francs. The canal was opened for navigation November 17th, 1869. The number and tonnage of vessels which passed through it in each of the seven years, 1870 to 1876, was as follows:

TRAFFIC AND TOLL RECEIPTS OF THE SUEZ CANAL, 1870–1876.

Years.	*Vessels.*	*Tonnage.*	*Receipts.*
1870	491	436,618	$ 1,031,865
1871	761	761,875	1,798,735
1872	1,082	1,439,169	3,281,525
1873	1,171	2,085,270	4,579,465
1874	1,264	2,423,672	4,971,875
1875	1,496	2,940,708	5,775,950
1876	1,457	3,072,107	5,994,399

The actual cost of the canal, according to the report for the year 1875, was $ 87,593,645, exclusive of $ 6,800,000 bonds issued to pay for coupons on shares in arrears, during part of the period of construction. The state of the capital account was as follows, in 1875:

400,000 shares of 500 francs, or 100 dollars		$ 40,000,000
333,333 obligations of 500 francs, or 100 dollars each, issued at sixty dollars, bearing interest at five per cent. on par, and redeemable at par		33,333,300
200,000 'Bons trentenaires,' or 30-year bonds, issued at 100 francs, or 20 dollars each, redeemable at 25 dollars each, bearing interest at 8 per cent. on 20 dollars	$ 5,000,000	
Less 80,000 still unissued	2,000,000	
		3,000,000
400,000 'Bons de coupons,' or bonds of 17 dollars each, bearing interest at 5 per cent., issued for the consolidation of unpaid coupons on shares, redeemable at par		6,800,000

Of the above 400,000 shares, 176,602 belonged formerly to the Khédive of Egypt, and were purchased from him by the British government in November, 1865. But the Khédive, by a convention passed in 1869, between himself and the Suez Canal Company for the settlement of disputed claims and accounts, had alienated all dividends on his 176,602 shares up to 1894, and placed them at the disposal of the company. Against these dividends the company issued 120,000 *délégations*, which are entitled to all sums accruing on the above 176,602 shares up to 1894; the dividends which the *délégations* receive are, however, lessened by an annual sum laid aside to provide a sinking fund, sufficient to extinguish

them all by 1894. At the end of that year, therefore, the last *délégation* will have been drawn and paid off, and the 176,602 shares will be entirely free, and will be entitled to whatever dividends the company is then in a position to declare.

The Suez Canal is said to have been constructed along the line of an ancient water-way, connecting the Mediterranean with the Red Sea. It starts from Port Said, forty miles east of the Damietta mouth of the Nile, and runs across the Isthmus, and through Lakes Menzaleh, El Ballah, and Timsah, on the shores of which latter stands the new town of Ismailia, and through the Bitter Lakes, to Suez. Its total length is ninety-two miles. Its actual width, over the greater part of its length, does not permit of two vessels passing or crossing each other in the canal itself; but there are numerous sidings, that have been recently improved, and by them, vessels are enabled to cross one another, and the passage is quickened. Vessels measuring 430 feet in length, and drawing twenty-five feet nine inches of water, have passed frequently through the canal. Indeed, in February, 1876, the English steamship Hooper, which is the largest of the vessels that have ever yet entered the canal, safely passed through its whole length. This steamer has 4,987 tons of gross tonnage, or real capacity. The company possess a vast domain, which is gradually being sold or leased, on the banks of the canal, and about Ismailia. Very nearly three-fourths of the shipping that passed through the Suez Canal in the six years 1870–1875, belonged to Great Britain. The proportion of vessels under the British flag during the period, was 74.16 per cent.; while under the flag of France passed 9.21 per cent.; under that of Netherlands, 4.35 per cent.; under that of Austria, 3.47 per cent.; under that of Italy, 2.63 per cent.; under that of Spain, 2.9 per cent.; and under that of Germany, 1.64 per cent. The remainder was distributed among eleven other nationalities.

It is impossible to overestimate the financial value of the new facilities which the Suez Canal and other routes of commerce are developing. In Japan, for example, the imports in 1874 were $23,376,152; in 1875 they had risen to $29,975,551, and in 1876 to $38,894,084. The exports in 1874 were $18,369,502, in 1875, $18,283,640, and in 1876, $38,539,621. During the last four years the specie exports were $50,994,854, and the specie imports, $11,736,971. In 1876, the imports of cotton yarn amounted to $4,151,664, and of cotton fabrics to $5,676,966, and of woolen goods to $2,263,273. The chief exports in 1876 were raw silk, $15,240,160; silk worm eggs, $1,902,279; tea, $5,409,980; and rice, $809,870. The trade with China exhibits also considerable improvement. Perhaps, indeed, the final solution of the silver question in Europe and here, will depend in no small degree upon the development of commerce with the Orient.

COMMERCIAL SUPREMACY.

BY GEORGE R. GIBSON.

Commerce had its rise in the obscurity of antiquity. Then, as now, cities were the surest indices of a nation's industrial rank, for in them the commercial genius of an age finds its characteristic development. A thousand years before the Christian era, according to Greek historians, Egypt had thirty thousand cities, and a skill in the mechanic arts witnessed by their marvelous monumental remains. Babylon and Ninevah were two of the earliest and most important emporiums of commerce. Then arose the morning star of Phœnicia, dimming by the bright light of its commercial splendor all contemporary nations. Tyre, its chief city, was the entrepôt of the commerce of three continents. Its merchants traded on the coasts of the Black Sea and Britain, established colonies on the Iberian peninsula and along the Mediterranean, and conducted great caravans to the Levant. They widened the horizon of knowledge by the invention of letters, arithmetic, weights and measures, and the discovery of glass. The mantle of Tyre's prosperity was bequeathed to Carthage, which in turn yielded to Alexandria and Athens. These cities all waned in commercial importance, and, under the Imperial Eagles, Rome became mistress of the world. Rome, whose universal military and commercial supremacy was acknowledged on land and sea, finally succumbed to the assaults of barbarian hordes, and the proud structure of Roman greatness crumbled into dust.

Byzantium, now Constantinople, located upon the confines of two continents, and possessed of peculiar strategic importance, became the capital of the Eastern Empire, and emporium of the world's trade. After the capture of Constantinople, Venice, Pisa, Genoa, and other cities of the Italian Republic, came into the ascendant. The Venetians were the chief carriers of Europe, and reaped a golden harvest by conveying the Crusaders to the Holy Land. The organization of the Hanseatic League during the thirteenth century was one of the most important events in commercial history, and resulted in transferring the *prestige* of trade from the Mediterranean to the North. This great commercial guild, when at the zenith of its prosperity, comprised over sixty cities, and sought to exercise that dominion over the Baltic and the North which the cities of the Italian Republic had wielded in the Adriatic. The problem of the fifteenth century was the discovery of an ocean route to India. The

Portuguese navigators braved the perils of an open sea, rounded the Cape of Good Hope, and grasped the Indian trade. After the disintegration of the Hanseatic League, Lisbon and Antwerp domineered in the arena of trade. Antwerp became a hive of industry, and the asylum for artisans seeking religious toleration. This prosperous and splendid city, whose harbor was filled with a forest of masts, was besieged by the Duke of Parma, its wealth, intelligence and independence crushed out, and its artisans driven to Amsterdam, which thus became the metropolis of the world. Holland, with a marshy soil reclaimed from the sea, an indifferent climate, no minerals or building timber, exceeded in its foreign commerce the combined nations of Europe. Amsterdam then gave way to the policy of Cromwell in England and Colbert in France. Whilst France was in the throes of bloody revolution, England, under the influence of the steam engine, blast-furnace, spinning-jenny and power-loom, rose to the first rank of commercial nations.

This running review of the march of commerce is designed to show the shifting and fickle nature of commercial empire, and not to analyze the causes leading thereto. Wealth, which had its early seat upon the banks of the Nile and Euphrates, has been removed to the Thames and the Mississippi. The sceptre wielded by Tyre and Venice has been transferred to London and New York. Shall Macaulay's ominous prophecy prove true, that "some traveler from New Zealand shall, in the midst of a vast solitude, take his stand upon a broken arch of London Bridge to sketch the ruin of St. Paul's?"

Does England have any cause to apprehend a loss of her industrial rank and its delivery to the United States? Assuredly the deductions of this history show that however firmly a nation or community may appear to be intrenched in commercial power, its retention of that power is a matter of great uncertainty.

Great Britain became the workshop of the world through skilled and cheap labor, the possession of an immense floating capital, and above all, cheap coal, and consequently cheap iron. Owing to the security afforded to capital elsewhere, and the economic law which causes money like fluids to seek a level, England no longer enjoys the monopoly of an unrivalled amount of capital. Pauperism and Trades Unions are sapping the strength of its industrial interests, and strikes and the eight-hour system augment the price of commodities. But cheap coal and cheap iron have been the power behind the throne of England's supremacy in manufactures and shipping.

The force evolved by the consumption of coal in Great Britain is equivalent to the muscular power of one hundred millions of men. And, as has been observed, the result

attained to is the same as if the laboring population had been multiplied twelve-fold without necessitating any material increase in production for the support of this additional number. It is obviously true, *cæteris paribus*, that if any other nation is able to produce abundant supplies of coal cheaper than England, it will distance her in the industrial race. Here we may discover the formidable nature of the United States as a rival.

The area of American coal-fields in comparison with British is as 37 to 1, and according to Professor Jevons, the price of coal at the pit's mouth is 6 to 10 shillings in England, and 2 to 4 shillings at Pittsburgh. A few years ago the President of the Iron and Steel Institute said: "If we have to apprehend the advent of a powerful rival in the iron trade, it is not, unless new discoveries are made, the Old World we have to fear, but the immense and undoubted powers possessed by the Western hemisphere. In ores of the finest description the resources of the United States are unlimited, while in coal our own wealth is, in comparison, but poverty."

The growing magnitude of our manufacturing interests, our present ability to market many of our finished products in British marts, and to cope with her in bids for foreign orders, has excited grave alarm. It is useless to disparage England's power, for she possesses unquestionably great vigor and wealth. Nevertheless her consciousness of the vulnerability of her position is attested by her vigorous policy of internal improvements in India, of controlling the Oriental routes, and her anxious solicitude in the solution of the Eastern question. The Oriental trade has been a prize eagerly sought after for many centuries, and has never failed to enrich its possessors. That she might control this, England has encouraged and protected the maritime interests; built seven thousand miles of railway in her Indian Empire; established three telegraphic lines of communication, and constructed many public works of utility. The Suez ship-canal, one of the greatest engineering feats of modern times, which cost $100,000,000, reduces the time and distance to India one-half. Considerable significance may be attached to the purchase in 1875 of 177,000 out of the 400,000 shares in this company, at a cost of $20,000,000. It must be borne in mind that this cannot be regarded as a lucrative investment in a pecuniary respect, but on the contrary is a virtual subsidy. In 1869, the Khedive, in order to assist the company to raise funds, clipped the coupons for twenty-five years, depriving holders of any remuneration until at the expiration of that time. These facts disclose the determination of the British government to have and to hold Oriental commerce. Will the United States, with Yokahama 1,500 miles nearer London *via* San Francisco than *via* Suez, and with New York 2,500 miles and San Francisco 5,500 miles nearer

Yokahama than London is, stand supinely by and not exert its utmost energies to appropriate a fair share of Eastern trade? Judging from our previous progress, had not the civil war arrested our growth, destroyed our shipping, and inaugurated the era of debt, taxation and a disordered currency, the year 1877 would probably have witnessed our supremacy on the seas. In 1860 we reached the foremost rank of maritime nations, but during the war nearly a million tons of shipping disappeared from our lists. Part of this was destroyed by cruisers, but it was chiefly transferred to the protection of foreign flags. Up to 1860, American ship-builders constructed vessels cheaper than the English could build them, and for beauty and speed our merchant marine surpassed that of Europe. As early as 1850 English ship-owners thought the glory of England had fled when the American clipper "Oriental" brought teas in ninety-one days from China to London; but to-day, according to high authority, there is not left in the China trade a single American clipper. It is true that iron screw vessels have superseded wooden ships, but our mineral supplies are as vast as our timber resources. It is a disagreeable fact that with two-thirds of the ores, and two-thirds of the fuels of the world, our yards are empty, our ship carpenters idle, and American ship-building a "lost art." Our Registry Law, which forbids the registration of a foreign-built vessel, would deprive us of the advantage which otherwise must accrue to us in the event. Europe is involved in a general war. It is sincerely to be hoped that the present Administration will develop speedy and vigorous measures to promote our foreign maritime trade in American bottoms, and that legislation will remit the duties on ship-building material and revise our Registry Laws.

Madison said that it was his conviction that "canals, railroads, and turnpikes, are at once the *criteria* of a wise policy and the cause of National prosperity." Industrial growth in all European countries has responded closely to the extension of railroads. National thrift is not attained by the mere production of the forms of wealth, but is greatly increased by a proper distribution or free interchange of commodities and ideas. Easy and rapid means of communication with all parts of our extended domain, are necessary in a social and political point of view. It was not solely for the purpose of deflecting Eastern commerce from its accustomed track *via* Suez or the Cape, that Government aid was extended to the Pacific railroad. It was also intended as a bond of sympathy between the Eastern States and the West, and a means of introducing population and labor into the interior of our great continent. It was Montesquieu's thought that a republic could only exist in a small territory. Manifestly, it requires great intelligence and care to co-ordinate the diversified

interests of a continental republic, stretching from the sugar and cotton plantations of the South, to the cornfields and iron mills of the North. Highways, canals, and railroads, are the surest means of welding and cementing together all heterogeneous elements, and overcoming by free intercourse all clashing of diverse interests.

Rome in her palmiest days wove a network of highways 14,000 miles in length about her Imperial city. Peru built a road nearly two thousand miles long. According to Prescott, "It was conducted over pathless sierras covered with snow, galleries were cut for leagues through the living rock, and rivers were crossed by means of bridges suspended in air." Napoleon built the Mont Cenis and Simplon passes over the Alps, and the United States commenced the construction of a great National highway from Baltimore to St. Louis. The introduction of barge canals, marked the next step in the progression of trade and travel. The era of railroads supersedes all these more primitive and less expeditious modes of communication. The railroad revolutionized the tactics of war, enabling great bodies of troops to be massed instantly at a given point, and changed the currents of trade and transportation. Population which had abided on the seaboard, or followed navigable rivers, now pushed out into the interior and made it blossom like the rose. Railroads, the *avant courriers* of civilization, became so many mighty streams, furnishing capacity for unlimited transportation. With over 75,000 miles of railroad, in means of internal communication, we overshadow the world.

In a country already inhabited or possessing a soil inviting its speedy occupation, the prospective profits are a sufficient incentive to railway construction. But when traversing great mountain chains, across trackless deserts, carrying civilization, the newspaper, and electric wire into the untrodden wilderness, Government aid is just and indispensable.

We have one great trans-continental railway spanning the continent and uniting California and the North. The next important step in a wise and generous domestic policy, should be the encouragement of another railway, stretching from the Colorado river to Texas, and opening direct communication between the South and the Great West, and developing the mineral and agricultural fields of Arizona and New Mexico. The Texas Pacific forfeited a charter once granted, and now demands a money and land subsidy. The Southern Pacific Railroad, of California, which has built a road to Yuma, Arizona, in length and cost of construction equaling the Central Pacific, will extend their line eastward, if Congress will give them a charter and a moderate land grant. The augmented wealth and commerce created, and the saving in military transportation and communication by a Southern Pacific railroad, would more than repay the Government for

its wild and unoccupied public domain. Let the Government extend the aegis of its protection to the upbuilding of our commercial marine, assist the Southern Pacific in opening up to settlement and the production of wealth the richest mineral land on the continent, and two of the most valuable measures would thus be taken to ensure our victory in the race for commercial supremacy. Our geographical position favors our control of Eastern commerce; our fertile valleys, broad prairies, inexhaustible mineral deposits, network of railways and rivers, with a free and educated people, ought to make us rich in all the elements of a substantial wealth. The lesson of commercial history, however, warns us that the seeds of decay are ever present, and unless we bestir ourselves the golden apple will elude our grasp. This is the age of enterprise, and whichever of the two great Anglo-Saxon nations exhibits the most of this characteristic, will win in the industrial race.

SAN FRANCISCO, June, 1877.

THE MONETARY SYSTEM OF THE DOMINION.

BY DUDLEY P. BAILEY, JR.

(*Concluded from July number.*)

The year 1866 marks the inauguration of a new era in the monetary system of the Canadas. Previously the banks had monopolized the privilege of issuing paper currency. The Government now began to issue notes. An act of the Canadian Parliament, assented to August 15, 1866, provided for the issue of Provincial notes to the amount of $5,000,000, redeemable in specie, at offices to be established at Montreal or Toronto, at whichever they were made payable, and to be legal tender except at the offices of issue. The Governor and Council were authorized to enter into negotiations with any or all of the chartered banks for the surrender of their right to issue notes in consideration of receiving annually five per cent. on the amount outstanding April 30, 1866, to be paid to them by the Government. Banks surrendering their circulation, might, on depositing with the Receiver-General the debentures held by them in compliance with their respective charters, (usually one-tenth of capital,) receive in exchange therefor an equal amount of Provincial notes to be issued and redeemed by them. For this purpose, $3,000,000 more of Provincial notes were authorized, making $8,000,000 in all. The Receiver-General was required to hold specie to the amount of twenty per cent. of the notes in circulation, if not over $5,000,000, and for all in excess of this sum, twenty-five per cent. in specie. Debentures were to be held to the full amount by which specie failed to cover the notes. The Receiver-General was invested with full power to dispose of

the debentures either temporarily or absolutely, for the purpose of providing for the redemption of the notes. Monthly returns formerly made up to the first Wednesday, but since the act of 1870, to the last business day of the month, were to be published, showing the amount of notes in circulation, and of the specie and debentures held. Most of the banks were unwilling to relinquish their right to issue notes on these terms, but the Government succeeded in making an arrangement with the Bank of Montreal, for the gradual surrender of its power to issue its own notes, and for the issue and redemption first of Provincial, afterwards of Dominion notes by it as agent for the Government. This arrangement went into operation in September, 1866, and continued until about the year 1870 or 1871, when the Government assumed the issue and redemption of the notes at offices of its own, and the bank of Montreal resumed its right to issue bank notes.

On the 1st of July, 1867, the Provinces of Canada, New Brunswick and Nova Scotia became united as the Dominion of Canada, to which Prince Edward Island, Manitoba and British Columbia have since been added. The Dominion assumed the liabilities of the provinces, and became invested with full and exclusive control over coinage, currency and banking. In 1868 an act was passed to provide for the withdrawal of the Provincial notes, and the issue of Dominion notes in their stead, to a like amount under the same conditions, but redeemable at Halifax and St. John, as well as at Montreal and Toronto. In 1870 the Dominion note act was amended by repealing so much of it as provided for the surrender by the banks of their right to issue notes. The Government was authorized under certain restrictions to increase the volume of Dominion notes to $9,000,000, against specie and debentures in the proportions specified in the previous act with the additional qualification that the Receiver-General should as a rule hold specie equal to 25 per cent. and in no event less than 15 per cent. of the debentures held. Whenever the amount of specie fell below 25 per cent. of such debentures the Receiver-General was to take measures to raise it to that amount. Notes in excess of $9,000,000 might be issued against specie to the full amount of such excess.

Under this act fractional notes were issued to supplant the silver coin of the United States, with which the Provinces became flooded after the suspension of specie payments here. This plethora of silver coins, estimated at $10,500,000, which the traders were by usage compelled to take from their customers at par, and on which they had to stand a discount of four per cent. at the banks, constituted a serious grievance. The policy of the government resulted in the exportation during the years 1868–70, of about $9,250,000 of these silver coins. They were subsequently demonetized, and the evil was thus brought to an end.

By an act passed in 1872, Dominion notes in excess of $9,000,000 might be issued against specie equal to thirty-five per cent. of such excess, and debentures equal to the balance. The government offices in 1873, in the latter part of the summer, were subjected to a heavy pressure of notes for redemption, threatening to produce a panic. In 1875 the law was so changed as to require the Receiver-General to hold specie equal to fifty per cent. of the Dominion notes, circulation between $9,000,000 and $12,000,000, beyond which last sum no issues can take place except against specie to the full amount. In 1876 Dominion notes were made a legal tender in Prince Edward Island, Manitoba, and British Columbia, and offices were to be opened at Charlottetown, Winnepeg, and Victoria, for their issue and redemption. Since December, 1871, the amount of debentures held has remained constant at $7,200,000, though the volume of notes outstanding has been as high as $12,599,592, and as low as $10,050,272. If the issue against debentures be not prematurely increased, and redemption be provided for at some central point, the notes promise to furnish the Dominion with a convertible paper currency possessing a uniform value throughout the country, and securing to the government the benefit of a considerable loan from the public without interest. The net profit to the Dominion from this note circulation from 1868–69 to 1872–73, was estimated at $597,375. At first the working expenses were more than the interest saved, but at the rate of profit accruing in 1872–3, the total net gain from this source up to the present time must have amounted to over $2,000,000. The progress of the Provincial and Dominion note circulation has been as follows:

Date.	*Government Notes.*	*Specie held.*	*Debentures held.*	*Certificates of deposit.*
November 7, 1866	$2,920,000	——	——	——
January 2, 1867	3,122,000	——	——	——
July 3, 1867	3,312,693	——	——	——
January 1, 1868	4,265,242	——	——	——
June 30, 1868	3,795,000	$759,000	——	——
December 31, 1868	4,451,800	772,600	——	——
July 7, 1869	4,792,000	1,175,000	$3,000,000	——
February 9, 1870	5,431,000	1,107,750	4,000,000	——
June 29, 1870	7,294,103	1,694,103	5,600,000	——
December 31, 1870	7,407,974	1,807,974	5,600,000	——
June 30, 1871	7,244,341	1,644,341	5,600,000	——
September 30, 1871	9,164,124	2,757,906	6,400,000	——
December 30, 1871	10,517,308	4,104,660	7,200,000	——
June 29, 1872	10,050,272	2,415,861	7,200,000	——
December 31, 1872	11,570,648	2,973,755	7,200,000	——
June 30, 1873	11,314,256	2,529,743	7,200,000	——
December 31, 1873	12,114,579	3,253,397	7,200,000	——
June 30, 1874	12,202,903	3,289,058	7,200,000	——
November 30, 1874	12,599,592	3,457,708	7,200,000	$1,941,863
June 30, 1875	10,824,590	2,789,138	7,200,000	835,452
December 31, 1875	11,372,934	2,991,987	7,200,000	825,069
June 30, 1876	11,534,731	3,122,752	7,200,000	825,069
December 31, 1876	11,123,658	2,893,155	7,200,000	——
May 31, 1877	10,767,214	2,686,693	7,200,000	——

Of the amount outstanding at the latter date, $116,168.73 were fractional currency; $3,064,882, one and two dollar bills; $256,563, fives, tens, and twenties; $601,100, fifties and one hundreds; and $6,728,500, five hundred and one thousand dollar notes. The bills of $50 and upwards were about $1,200,000 short of the note reserves of the banks. It would appear, therefore, that only the small notes circulate among the people, while those of the higher denominations, constituting the great bulk of the issues, form the bank reserves. The fractional currency has been largely displaced by the Dominion silver coins.

The issue of Provincial and Dominion notes is believed by some to have operated adversely to the banks by depriving them in some degree of one source of profit. However this may be, the years from 1866 to 1869 inclusive were marked by several of the heaviest bank failures ever known in the history of British North America. Following at no long time after the failure of the Bank of Upper Canada in 1866 came that of the Commercial Bank of Canada at Kingston on the 21st of October, 1867, with a circulation of $1,226,000; deposits of $3,132,000; balance due other banks, $225,449; giving $4,583,449 of liabilities, besides its capital of $4,000,000. Its ruin was due mainly to a departure from legitimate banking. It had been some years previously drawn into the political and railway ring, and had become in an indirect way a contracting capitalist, whereby it had sunk vast sums. In March, 1868, it amalgamated with the Merchants' Bank of Canada, two-thirds of its capital disappearing in the process. The distrust, approaching panic, excited by this failure, led to a serious run upon some of the other chartered banks. All having determined to stand by one another, the banks most directly attacked passed safely through the ordeal, and the danger was for the moment averted.

Further consequences of unsound banking began soon to develop themselves. In the summer of 1868, an examination into the affairs of the Gore Bank of Hamilton disclosed a loss of capital estimated at 27½ per cent. Subsequent events indicate that the loss was forty per cent. or more of the capital, a reduction in this proportion being authorized by Parliament in 1869. The bank was in 1870 authorized to amalgamate with the Canadian Bank of Commerce, its shareholders receiving stock of the latter equal to $445,104, representing what was left of a paid-up capital of $809,280. A few months later, in November, 1868, the crisis was renewed by the failure of the Commercial Bank of New Brunswick. Its liabilities in July previous were $312,306 for circulation, and $304,368 for deposits, besides its capital of $600,000, a large portion of which was lost. It ultimately paid its liabilities to the public in full. Not long after this, on the

21st of May, 1869, the Royal Canadian Bank at Bowmanville, established in 1864, with a capital of $2,000,000 authorized, closed its doors. The commotion naturally excited by such an occurrence was mitigated by the fact that a knowledge of the bank's difficulties had become pretty generally diffused. Parliament gave the bank ninety days, from June 22, 1869, in which to resume and avoid a forfeiture of charter, or it was authorized to wind up its affairs or amalgamate with any other bank. It chose the former course, and in September again opened its doors for business, after four months of suspension.

Such a succession of heavy bank failures clearly demonstrated the necessity of so revising the banking laws of the Dominion as to surround the banks with more effectual safeguards against mismanagement of the important interests committed to their charge. A temporary measure was adopted in December, 1867, giving effect to the charters granted by the provinces until 1870, taxing bank circulation in New Brunswick and Nova Scotia as well as in Canada at the rate of one per cent. per annum, and relieving the banks from the penalties of usury. In 1869 an attempt was made to model the banking system of the Dominion on that of the United States National banks, by compelling the banks to deposit Government securities as a guarantee for the redemption of their notes, which were to be legal tender, and by requiring the banks to hold reserves for the security of depositors. This measure was not favorably received by the bankers throughout the Dominion, who brought so strong an adverse influence to bear upon Parliament, that the administration, after a lengthened debate, was obliged to withdraw the measure.

In 1870, however, the new Finance Minister, Sir Francis Hincks—a man of singular energy and ability, whose name is associated with some of the most important legislation of the Dominion on banking and currency—carried through a law which met the approval both of the bankers and of the public. By this law no bank could commence with less than $200,000 paid-up capital, and at least twenty per cent. of the subscribed capital must be paid up in each subsequent year. Its circulation was not to exceed its unimpaired paid-up capital, and no note below $4 was to be issued; the Dominion note circulation furnishing the smaller denominations. Every bank was to receive these notes in payment at branches at par, but was not obliged to redeem them, except where they were made payable as they must be at its head office. Banks were to hold as nearly as possible one-half, in no case less than one-third, of their reserves in Dominion notes. They were not to make loans or discounts on security of their own stock. No bonus or dividend was to be paid out of capital, and if such be made, directors

were made liable therefor to the bank. No division of profits beyond eight per cent. per annum was to be made, unless after paying the same the bank had a "Rest" or reserved fund equal to at least twenty per cent. of its capital, after deducting all bad and doubtful debts. If capital became impaired, it might be reduced not exceeding twenty-five per cent. and not below $200,000. Suspension of payment for ninety days worked a forfeiture of charter. Stockholders had one vote for each share held three months previous to voting, and were liable for the amount of their shares beyond the amount held by them; persons transferring shares to be liable if the bank suspended within one month thereafter. Discounts or advances to any director or partner were never to exceed one-twentieth of total discounts and advances. The banks were required to make return of their condition in a prescribed form made up to the last juridical day of each month. The charters of banks expiring in 1870 were extended to 1881, subject to this law and any future legislation respecting banks. As some of the charters were not to expire in 1870, the Act did not interfere with them, leaving a few of the banks not subject to these provisions. The Bank of British North America was required to cease issuing notes under $4 after January 1, 1871, and was made subject to some of the other provisions in the new law, including those relating to redemption of notes, cash reserves in Dominion notes, and monthly returns. None but chartered banks were to issue notes for circulation under a penalty of $400, but the Halifax Banking Company was allowed to keep out its then existing circulation till the end of 1874. Banks operating under this Act were not required to pay a tax on their circulation. By another Act passed in the same session, the prohibition of bank notes below $20 in Nova Scotia was removed, and the banks in that Province were in this respect placed on the same footing with banks elsewhere in the Dominion.

The Bank Act of 1870, was replaced in 1871 by a new Act which consolidated the banking laws into one statute, and re-enacted most of the provisions contained in the previous act. By the new law, each act of incorporation was to specify the name, location of head office, capital, and the amount of each share of any new bank, and it was otherwise to be subject to the general banking laws of the Dominion. A bank might open branches or agencies any where in the Dominion. The capital might be increased from time to time at the annual meeting or at any meeting called for that purpose. No bank was to commence business with less than $500,000 capital subscribed, and $100,000 paid in. At least $200,000 must be paid up within two years, and payment of the balance is not required in any specified time. The directors were authorized to make calls of capital equal to not over ten per cent. on each share subscribed at intervals of not less

than thirty days. Dividends were to be half-yearly. Banks were allowed to hold real estate for the purposes of their business. They were not allowed to lend money on mortgage of real or personal estate, but might take mortgages for debts already due, and buy the property mortgaged, at foreclosure, or sale on execution at the suit of the bank. Provision was made by which banks not subject to the Act might come in under it. Some of the banks have not yet been brought under the general laws, but this most desirable result is likely to be accomplished at no distant day.

Up to 1871, the currency of Nova Scotia had differed from that of the other Provinces, the dollar there being equal to one-fifth of a pound sterling, or about 97⅓ cents in Canada and United States currency. An Act was passed in this year for establishing a uniform currency throughout the Dominion whereby the currency of Nova Scotia was assimilated to that of the other Provinces. All accounts, statements, and agreements, public and private, were to be in this currency, after July 1, 1871, unless otherwise expressed. The whole monetary system was established on the new basis. Provision was made for the circulation of coins struck for the Dominion, under Royal authority, and of United States gold coins, but foreign silver coins were demonetized.

On the 1st of July, in the present year, the Dominion completed the first decade of its existence. Under the beneficent influence of union, its commerce and trade have received a remarkable development. The growth of the foreign trade to April 30, 1877, has been as follows :

Years ending June 30.	*Total Exports.*	*Total Imports.*	*Excess of Imports.*	*Total Foreign Trade.*	*Annual Increase or Decrease.*
1868	$ 57,567,888	$ 73,459,644	$ 15,891,756	$ 131,027,532	——
1869	60,474,781	70,415,165	9,940,384	130,889,946	— $ 137,586
1870	73,573,490	74,814,339	1,240,849	148,387,829	+17,497,883
1871	74,173,618	96,098,981	21,925,363	170,272,599	+21,878,760
1872	82,639,663	111,430,527	28,790,864	194,070,190	+23,803,601
1873	89,789,922	128,011,282	38,221,360	217,801,204	+23,731,013
1874	89,351,928	128,213,582	38,861,654	217,565,510	— 235,693
1875	77,886,979	123,070,283	45,183,304	200,957,262	—16,608,248
1876	80,299,834	95,056,532	14,756,698	175,356,366	—25,600,896
1877 (10 mos.)	56,896,460	77,460,917	20,564,517	134,357,437	——
Total.......	$742,654,563	$978,031,252	$235,376,749	$1,720,685,875	——

The years 1870–74 were marked by many of the same characteristics as the years from 1852 to 1856. There was the same large influx of foreign capital to be used in the development of railways, telegraphs, and other public works. The number of miles of railway increased from 2,495 in 1867, to 4,022 in October, 1874, 4,483 at the close of 1875, and 4,929 in 1877, while the capital invested in railways increased from $158,401,595 in 1867, to $298,501,855 at the close of 1875, and $317,795,468 in 1877. A large portion of this investment is lost, at least for the present. The working expenses amount to about eighty-one per cent. of the income, and the net earnings are only sufficient to pay 4.67 per cent. annually on the bonded debt. If all the net earnings were

appropriated to this purpose, there would remain over $241,000,000 of share capital, on which there was no direct return. Of this last sum, $61,578,275 represent government and municipal contributions not necessarily invested with a view to direct returns. About $180,000,000 represent the estimated amount sunk by private investors, most of whom had no motive for their investments except the hope of dividends.

Between 1867 and January 1st, 1876, the number of Post Offices increased from 3,494 to 4,892, and the number of letters posted annually from $17,545,458 to $42,000,000. There was the same rapid development of trade and banking as previous to 1857. During the five years, 1866–70 inclusive, only five banks were incorporated, with an authorized capital of $4,400,000. In 1871, for the first time they began to be incorporated under the general law. During the four years, 1871–74 inclusive, no less than twenty-five banks were chartered, with an authorized capital of $24,000,000, and in the years 1875 and 1876, two more were added, making twenty-seven in all, with an authorized capital of $31,000,000, of which ten, with $16,500,000 of capital, proved abortive. Between June 30, 1869, and June 30, 1874, the number of banks from which returns are accessible, increased from twenty-six to thirty-nine, their paid-up capital from $32,323,739 to $60,443,445; their circulation from $8,832,205 to $26,583,130; their deposits from $41,174,260 to $78,790,367; their discounts from $56,346,955 to $129,799,003; their specie and Dominion notes from $14,444,598 to only $17,186,845. Banking accommodation appears to have reached its extreme point of $141,793,313, January 31, 1875.

The unfortunate results of railroad investments, both in Canada and in the United States, began clearly to disclose themselves in 1873, and the embarrassments of the Canada Southern Railroad Company, precipitating as they did the failure of Kenyon, Cox & Co., of New York, in September, 1873, proved to be one of the immediate causes of that great crash of which nearly all the world is now feeling the effects. The influx of foreign capital into the Dominion began to be checked in the year ending June 30, 1874, declined in 1875, and was almost arrested in 1876. During the past two years the results of the crisis have been severely felt. The lumber and grain trades, manufacturing and the shipping interest have suffered extreme depression. The number of mercantile failures has increased from 994 in 1873 and 966 in 1874 to 1,968 in 1875, 1,728 in 1876, and 572 in the first quarter of 1877, making 6,228 in all; while the amount of liabilities has increased from $12,334,192 in 1873 and $7,696,765 in 1874, to $28,843,967 in 1875; $25,517,991 in 1876, and $7,576,511 in the first quarter of 1877, aggregating $81,969,426. The average dividend paid in 1875 is shown by the report of a Parliamentary Committee to have been

22½ per cent., at which rate the losses by the failures of the four and one-quarter years would amount to $63,526,305.

A correspondent writing from Montreal in June, 1875, says: "The banks of Montreal and Quebec are now and have been for nearly eighteen months carrying twelve millions or more of suspended lumber paper. Manufacturers are daily closing business with an over-stock of manufactures on hand. Money 'on call,' if to be had at all, commands ten or fifteen per cent. Stocks have fallen heavily, with few purchasers."

The banks were so well fortified by the surplus which they were required to accumulate by the laws of 1870 and 1871, that the strain and the losses incident to the crisis have produced very few casualties among them. The only suspension of importance was that of La Banque Jacques Cartier, which occurred June 16, 1875. Its liabilities amounted to $6,239,876, and its assets were composed largely of overdrawn accounts, past due notes, and bad debts, arising from imprudent loans to contractors and speculators. It resumed its payments September 11th, 1875, in season to avoid a forfeiture of its charter, and after nearly two years spent in re-adjusting its affairs, resumed the banking business in all its branches, with some changes in the management, on the 1st of May last. There have been a few amalgamations. In 1875 the City Bank of Montreal and the Royal Canadian of Toronto made arrangements, confirmed by Parliament in the following year, for uniting under the name of the Consolidated Bank of Canada at Montreal, with authorized capital of $4,000,000, of which $3,465,910 is paid up. The Niagara District Bank was also, in 1875, merged in the Imperial, incorporated in 1873, with $1,000,000 of capital. Negotiations have also been in progress for the amalgamation of the Union Bank of Lower Canada with the Stadacona, and of the Metropolitan with the Ville Marie. The latter project failed to receive the assent of the Ville Marie, and was abandoned. The Metropolitan, incorporated in 1871, with a capital of $1,000,000, of which $800,170 have been paid in, voted on the 4th of June last to wind up its affairs. That a considerable depreciation in its assets is anticipated is evident, from the fact that its shares were, on the 15th of June last, quoted as low as 28 per cent., a fall of $20 per share of $100 within two weeks. Its entire nominal assets on the 30th of April last amounted to only $534,299, or $266,000 less than its paid-up capital. Several other banks have suffered heavy losses. The Mechanics', in 1876, had its capital reduced in this way forty per cent. It was recently announced that the losses of the Merchants' Bank of Montreal within the past few years amounted to $710,000, and it was decided at a recent meeting not to declare any dividend for the current half year. Later investigations, however, show that the real magnitude of its losses has been concealed, and that within the past two years these losses have

reached the enormous sum of $3,500,000, sweeping away its entire surplus, and, with a contingent fund of $750,000 for future probable losses, impairing the paid-up capital of $8,196,883 to the extent of about $2,000,000. A change in the management has been made, and a reduction of capital is anticipated.

The losses of stockholders in the insolvent Dominion banks within the past ten years must approximate or exceed $5,000,000, or over ten per cent. on the average bank capital, against about $10,000,000 among the United States National banks, or less than 2½ per cent. in twelve years. The large capital of the Dominion banks probably has something to do with this. Smaller masses of capital under independent management, can be handled more safely. The amount of detail in lending sums so large is very considerable, and increases with every additional million more than in that proportion. The failures among the Dominion banks have generally been more disastrous to their stockholders than to the public. Except in the case of the Agricultural Bank, which failed in the crisis of 1837, some of the weak banks which failed in 1859–60, and the Bank of Upper Canada, it is believed that the public have in every case been ultimately paid in full. A few hundred thousand dollars would cover their whole loss during the sixty years history of Canadian banking. In Nova Scotia the business has been conducted on principles so conservative, that not a single bank failure is reported, though one bank was somewhat embarrassed in 1873, and shows considerable inroads upon its capital. Contrary to what is generally observed, a peculiar fatality has attended some of the older banks in the Dominion. In Upper Canada, of the three banks first started, not one remains. In New Brunswick, out of six established before 1837, the Commercial and City of St. John, the Central of Fredericton, and the Charlotte County Bank, have all disappeared, as has also the Westmoreland, since established. In Lower Canada, all the older chartered banks remain, except the City, which has enlarged its field of action by union with another.

On the 30th of April the number of banks in the Dominion making returns, including the Bank of British North America, was thirty-nine, with a capital of $77,766,666 authorized, $72,735,316 subscribed, and $68,346,424 paid in, distributed as follows:

Province.	*No. of Banks.*	*Capital Authorized.*	*Capital Subscribed.*	*Capital Paid up.*
Ontario	9	$17,000,000	$16,076,250	$15,509,273
Quebec*	19	51,966,666	49,059,066	46,767,799
Nova Scotia	8	5,600,000	5,400,000	4,242,182
New Brunswick	3	3,200,000	2,200,000	1,827,170
Total	39	$77,766,666	$72,735,316	$68,346,424

* Including the Bank of British North America.

These banks had a surplus of $16,507,084, or twenty-four per cent. of their capital, giving them an aggregate effective capital of $84,853,508. Of this surplus $15,258,511 belongs to the banks of Ontario and Quebec and the Bank of British North America, and $1,249,573 to those of Nova Scotia and New Brunswick. There are five banks in Prince Edward Island, two in Nova Scotia, and one in New Brunswick, not included in this enumeration, which would bring the total number of banks in the Dominion up to forty-seven, including the Bank of British North America. The condition of the thirty-nine banks making returns on the 30th of April last was as follows:

Province.	*Circulation.*	*Dep. on demand.*	*Dep. on time or notice.*	*Specie.*	*Dom'n Notes.*	*Total Specie & D. Notes.*	*Discounts Current.*
	$	$	$	$	$	$	$
Ontario	5,389,186	11,060,221	8,066,915	1,534,814	2,074,500	3,609,314	33,147,295
Quebec*	12,205,470	26,004,231	24,201,418	4,696,852	6,273,555	10,970,407	81,203,342
Total Canadas	17,594,656	37,064,452	32,268,333	6,231,666	8,348,055	14,579,721	114,350,637
Nova Scotia	1,568'051	1,341,806	2,618,836	347,222	264,523	611,746	6,984,886
New Brunswick	799,652	901,347	1,815,793	172,432	156,007	328,439	5,005,694
Total	19,962,359	39,307,605	36,702,962	6,751,320	8,768,585	15,519,906	126,341,217

* Bank of British North America included.

The bank circulation reached its maximum of $32,442,410 on the 31st of October, 1874, when the circulation of Dominion notes was $12,480,684, giving a total note circulation of $44,922,994. On the 31st of May, 1876, the circulation of bank notes was reduced to $18,745,096, and that of the Dominion notes to $11,466,229, giving a total of $30,211,325, a contraction of $14,711,669, or thirty-three per cent. as compared with October, 1874. The discounts had at the same date fallen over $18,000,000 below the highest point reached in January, 1875, and the deposits over $14,000,000 below their maximum of $85,958,883 in November, 1874. The following table gives the comparative statistics of banking in the Dominion since 1867 as compared with 1836, most of the returns, especially the earlier ones, being incomplete:

The figures in columns headed "circulation" and "deposits" denote millions.

Date.	*No. of Banks.*	*Paid up Capital.*	*Circulation.* *Bank.*	*Gov't.*	*Total.*	*Deposits.* *	†	*Total.*	*Specie and Govt. Notes.*	*Discounts.*
		$	$	$	$	$	$	$	$	$
31, '36	12	5,100,572	3.96	.29	4.25	—	—	2.73	1,601,180	9,079,768
July 31, '67	28	32,724,231	10.51	3.48	13.99	15.44	17.23	32.67	8,869,608	56,013,225
" 31, '68	27	31,735,095	8.82	3.78	12.60	15.23	18.70	33.93	10,077,995	52,737,517
June 30, '69	26	32,323,739	8.83	4.79	13.62	16.46	24.71	41.17	14,444,598	56,346,955
July 31, '70	—	32,680,398	15.36	7.38	22.74	19.85	31.68	51.53	17,158,612	65,916,580
June 30, '71	—	36,415,210	18.34	7.24	25.58	19.10	36 66	55.76	12,237,713	83,989,756
						**	††			
June 30, '72	27	45,134,109	25.04	10.05	35.09	36.57	28.15	64.72	14,140,908	107,354,114
" " '73	31	55,102,959	29.52	11.31	40.83	38.33	30.34	68.67	15,182,517	120,977,754
Oct. 31, '73	31	60,244,116	29.59	11.27	40.86	34.75	27.72	62.47	14,882,803	114,491,812
June 30, '74	37	60,443,445	26.58	12.20	38.78	42.35	36.44	78.79	17,186,845	129,799,003
Oct. 31, '74	—	62,317,456	32.44	12.48	44.92	42.35	40.40	82.75	17,263,127	139,143,078
Jan. 31, '75	—	64,143,864	26.94	10.76	37.70	39.28	43.80	83.08	15,808,475	141,793,313
July 31, '75	—	65,498,433	21.17	10.82	31.99	36.80	38.54	75.34	14,059,012	134,082,692
Mar. 31, '76	—	67,517,125	21.48	11.22	32.70	38.29	33.53	71.82	15,470,199	126,894,659
June 30, '76	—	67,199,151	20.29	11.53	31.82	41.81	32.82	74.63	13,718,869	125,088,108
Apr. 30, '77	39	68,346,424	19.96	11.05	31.01	39.31	36.70	76.01	15,519,906	126,341,217

* Not bearing interest. † Bearing interest. ** Payable on demand. †† On time or notice.

Previous to the act of 1870, the banks were required to distinguish between "deposits not bearing interest" and those "bearing interest;" afterwards between "deposits payable on demand" and those "payable after notice, or on a fixed day."

CURRENT NOTES ON THE SILVER QUESTION.

BY GEO. M. WESTON.

It turns out that the conjectures made in June of last year, by the British Silver Commission, of the amount of German silver remaining to be thrown on the markets, was much below the mark. Their maximum estimate was $100,000,000, but the evidence is, that notwithstanding all the sales since, the amount unsold is now larger than that.

In the three and a-half years ending June 30, 1876, German sales of silver in England had been £5,197,000, but in the eleven months ending May 31, 1877, they amounted to £9,883,000. The total coin and bullion in the German Imperial Bank, May 31, 1877, was £27,608,000, or about 552 million marks. The well-advised Vienna correspondent of the London *Economist*, writing June 5, says that the Bank "*makes a secret*" of the proportions of gold and silver in this reserve, but that his information from Berlin was, that the "*greater half*" of it, or "*about* 300 *million marks*," equal to seventy-five million dollars, consisted of silver. The same correspondent adds, that the general opinion in Germany fixed the amount of silver thalers, in and out of the Bank, still to be disposed of, at from 500 to 600 million marks, or from 125 to 150 million dollars.

So far as silver is concerned, the question of fifty million dollars more or less in Germany, is only a question of one year more or less, within which it will be absorbed by the Asiatic demand. In fact, the amount of silver in the whole of Europe is so much reduced as to be quite unimportant. But in the other aspect, that to whatever extent Germany still has silver to dispose of, to the same extent must it continue to disturb the markets with a demand for gold, the matter is of serious consequence. The indications now are that the German perturbation of the gold market will extend quite through the year 1878.

In the meantime the Eastern demand for silver has set in with redoubled force.

In the four years ending in April, 1876, the British silver exports to India averaged annually only £4,100,000. In the eleven months ending May 31, 1877, they had swollen to £10,573,000. British silver exports to China have also

increased, and in addition, the shipments of silver to China from San Francisco on British orders, which began in the latter part of 1876, are on a much larger scale this year.

The silver exports from San Francisco to Hong-Kong, China and Japan, were only $2,646,321 during the first five months of last year, but they amounted to $7,937,009 during the same months of this year. These figures are furnished by the Bureau of Statistics. The increase is attributed mainly to British orders. In supplemental papers to the report of the British Silver Commission, recently printed, it is stated that London remitters to China save from 1 to 2½ per cent., by what the London *Economist* calls "*this diversion of the silver current from a circuitous to a direct route.*"

TRUE NATURE OF THE DOUBLE STANDARD.

It is always easy in discussions to overthrow antagonists by ascribing doctrines to them which they do not advocate, or constantly disclaim. It is by this method that the triumphs of the gold party are principally achieved. They assume that the theory of the double standard is, either that the relative value of the metals is not variable, or that any country can by law put an end to the variations, and absolutely insure their concurrent circulation. There is clearly no difficulty in overthrowing such a theory as that, by facts on every side, and the pleasure of the gold advocates in overthrowing it seems never to lose its zest. Unfortunately, the double standard rests upon no such theory. Its advocates admit the fluctuation in the relative market value of the metals, although they regard that fluctuation as of very little importance, either in itself, or in comparison with the vastly greater fluctuation in the value of both metals relatively to commodities. Without doubt, they believe that by a better concert than has heretofore been obtained among double standard countries, the power of law to steady the relation of the metals may be greatly increased, but they do not fail to see and admit that success in reaching such better concert, however probable it may be, is after all subject to the contingencies and uncertainties of the future. And so far as the concurrent circulation of the metals is concerned, although they know that it has been practically accomplished to a far greater extent than is admitted, they have never claimed that it could be secured by law under all circumstances, nor do they believe it to be of much moment that it should ever be secured. The standard they propose is the optional standard, which will consist of the two metals concurrently when there is no divergence or only an inconsiderable divergence between their legal and market values, and of the most available of the two metals when such a divergence becomes marked. Such a standard they believe to be best in itself, because fluctuations in the production

of the two metals so compensate each other that the two together make a steadier measure of value than either alone. They believe, also, that, even if not best in itself, it is so interwoven with the transactions of mankind and with the multiplied relations of debts and credits, that its abandonment for the narrower standard of either metal is impossible, and would be intolerable if it were possible. It is upon these impregnable grounds that the double standard rests.

Nowhere was this subject more thoroughly discussed than in France, during the thirteen years from Mirabeau's report of 1790 in favor of a single standard to the definitive adoption of the double standard in 1803. During no part of that discussion was it claimed that the relative value of the metals was invariable, or could be made so by law. On the contrary, the advocates of the double standard admitted always that changes in their relative market value might from time to time necessitate changes in their relative legal value. In the first draft of the French law, as it was proposed by Napoleon's Minister of Finance, Gaudet, the manner in which such possible future changes should be made was distinctly provided for, in the following words:

> "If imperious circumstances compel a change of this proportion (15½ to 1), it is the gold coins alone which shall be reminted."

This preëminence of silver is secured in the French law, as finally adopted in 1803, by the following words:

> "Five grammes of silver, of the standard of nine-tenths fine, shall constitute the money unit, which shall be called one franc."

This preëminence of silver is secured in our own mint law of 1792, which declares that "*the money of the United States shall be expressed in dollars or units,*" and that the dollar "*shall be of the value of a Spanish milled dollar as the same is now current,*" and contain 371¼ grains of pure silver.

The French people have always understood the double standard to be, what Gaudet and his associates of 1803 announced it to be, not as based on any theory of an absolutely steady market relation of the metals, nor as guaranteeing that their use would always be concurrent, but as an optional standard, which might sometimes consist of only one of the metals.

Understanding it in that way, the French were perfectly satisfied when their actual money consisted almost exclusively of silver, as it did before the California discoveries, and equally satisfied when the major part of it became gold after those discoveries. The American people never understood it in any other way. From 1821 to 1834, under a special demand from England, gold disappeared absolutely from our circulation. After 1850, silver disappeared, not absolutely, but in a large measure. In neither case did the measure of giving up the double standard receive any coun-

tenance worthy of mention. The remedy for the disappearance of silver from the smaller channels of circulation was easily found in the Act of 1853, authorizing under-weighted subsidiary coins.

BI-METALLISM AND INTERNATIONAL CONFERENCES.

The peculiar theories of M. Cernuschi, which have become known as Bi-metallism, have scarcely any features in common with the policy of the double standard, as it has been practically maintained heretofore, and as it must be practically maintained hereafter, if it is maintained at all.

The bi-metallic theory attaches a pre-eminent and an almost exclusive importance to the international use of money, and apparently to this use in trade with Europe. One of its conclusions therefore is, that it is only in concert with the nations of Europe, or at least with the major part of them, that any desirable employment for silver can be found. This theory ignores all considerations connected with the use of money in the internal business of nations, such as the necessity of preventing a contraction in its volume, which would pervert the equity of contracts. It ignores the greater steadiness of the two metals as a measure of value, than of either separately, which results from the fact that the vicissitudes of the production of gold and silver have, with only one known exception in more than two thousand years, balanced and compensated each other. Thus viewing the international use of money as all important, and the internal use of it as of no importance—which is precisely reversing the true and proper order of things—the bi-metallists would regard silver coins remonetized in the United States, independently of European movements in the same direction, as a mere substitute for the greenbacks, with no change in real character, except that the material of the new money would be silver instead of paper, and with nothing about it to compensate the disadvantage that the new money would be costly to purchase and to maintain, whereas the greenback costs comparatively nothing.

The bi-metallic theory is, of course, the favorite one with the men who have fastened the gold standard upon this country, and who have the profoundest political and pecuniary interests in maintaining it. They are perfectly assured that England, Germany, and their monetary allies will at present give up gold under no pressure short of that of bankruptcy, and if it comes to be an accepted doctrine that silver is to remain demonetized until those countries co-operate in remonetizing it, their work is finished. Nothing was more natural, therefore, than that after M. Cernuschi had been long enough in this country to enable them to understand his peculiar theories, they should have simultaneously hailed him as their champion, and should have ranged themselves with enthusiasm

under the bi-metallic banner, for a grand march to an international conference with England and Germany. No road led so straight away from silver, and they knew by an infallible instinct that it was a safe road for them to travel in. Public bodies, including Chambers of Commerce of great cities, fresh from denunciations of silver as a robbery of creditors, warmed up with a safe zeal to remonetize it in concert with European nations, which were only too well known to be opposed to it.

There is no reason to suppose that M. Cernuschi sympathized with, or even understood, the motives of the gold party in the United States. The hopefulness and enthusiasm of his disposition had led him into a fatal error in respect to the possibility of converting to bi-metallism the men who really control England and Germany, and he was too sincere himself to suspect the sincerity of persons in the United States, whose antecedents and commitments to gold were of course unknown to him, and who were giving him daily assurances of their vehement desire to restore silver by means of international conferences and commissions.

In a report made last winter, Governor Boutwell, as one of the minority of the United States Monetary Commission, misled by the enthusiam of M. Cernuschi, says:

"The evidence taken before the committee tends to show that there is a larger public sentiment in Europe in favor of the remonetization of silver than has heretofore existed, and that a proposition from the Government of the United States, looking to a convention, will be accepted by the Governments of Europe, and that the result of the deliberations of such a plan will be favorable to the plan suggested."

Commenting upon this report of Governor Boutwell, the London *Economist*, of March 31, said:

"Not having seen the evidence, we cannot, of course, say what excuse the minority have for this view; but it is manifestly most unsound. While there might be little objection perhaps to an international conference to consider generally the subject of establishing an international money—though the feeling in England would certainly be against a conference with a roving commission, even for such a purpose—we can safely say that there is one country in Europe at least, and that the most important, which would not take part in a conference to inquire into the expediency of establishing a fixed relation generally between silver and gold. Public opinion would be so firmly against any such encouragement to bi-metallists, that we shall certainly be curious to see the evidence on which the committee have arrived at an opposite conclusion. We should doubt, also, if there is any evidence of willingness to enter into such a convention in Germany, where the government has only so recently established a gold standard. The best economists in France, so far as we can judge, would also be against such a convention."

Professor Francis Bowen, of Harvard College, who was on the Silver Commission with Governor Boutwell, but who did not attend the sittings at Washington, and did not hear the statements of M. Cernuschi, arrived at a very different conclusion from that of Governor Boutwell, in respect to European probabilities. In his minority report (concurred in by Mr. Gibson, of Louisiana,) Professor Bowen says:

"*No one expects* that England, Germany, Denmark, Sweden, and Norway will soon reverse what is now their established policy, by again bringing silver into circulation as money. . . . Moreover, the facts already mentioned make it highly probable that France, Holland, and Belgium may soon adopt entirely the monetary policy of Germany, as they have already adopted it to some extent."

The memorial of the Boston Board of Trade, in favor of advancing towards the restoration of silver, by marching directly away from it into an international conference with England and Germany, is a proof that Professor Bowen states correctly what the ideas of Boston are as to the future action of those countries.

The probabilities that Germany will abandon its gold policy diminish, as its sales of silver progress, and these have been on a much increasing scale during the last year. The more loss Germany has submitted to in selling silver at a discount of its own making, the more humiliating will a reversal of its policy be, and the less likely will it be to be entertained.

If it is essential to the successful working of the double standard, that the circulation should be "*Bi-metallic*" in the sense of M. Cernuschi, or in other words, should include both the metals in actual concurrence, it must be admitted that double-standard countries have not heretofore had such a concurrent circulation of the metals, either always or for even the larger part of the time. Or if it would be injurious to have either one of the metals disappear temporarily from the circulation, it must be admitted that the United States would take the risk of such an injury by adopting the double standard, except that silver can always be retained in the minor channels of circulation by the expedient of a token coinage, slightly below weight or standard. As already noticed, this disappearance, totally or partially, of one of the metals from our circulation, has already happened twice under the double standard in the history of this country. If it shall happen again, and even if the metal which may temporarily disappear, shall be gold, the supporters of the double standard perceive no harm in that. They are not able to see that gold has any other superiority in value to silver, except precisely that which is indicated by its proportionate market price, pound for pound, or in other words, they are not able to see that a gold dollar is worth any more than a silver dollar.

If it is essential to the interests of the United States to have a common money with Europe, it is an object impossible of attainment as the larger portion of Europe have no money except inconvertible paper of various descriptions, and the use of such paper is much more likely to increase than diminish on that continent.

The fact that England and Germany have the single gold standard, instead of being a reason for its adoption by the United States, is a decisive reason against it. Those two

nations own the great bulk of our securities which are held abroad. The more gold we insist upon using in our currency, the less they can have, and the lower their prices will be, and the more corn, pork, cotton, petroleum, and tobacco will be required to pay the debts we owe them.

The theories of M. Cernuschi are modern altogether, and wholly unknown to the men who established the double standard in France and in the United States. So far as they involve the idea that the international use of money is the dominating one, or even an important one, they have never been practically recognized by the statesmen of any country, nor is there any foundation for them in sound reasoning. England in 1816 adopted a single standard of gold, then wholly peculiar to itself, upon domestic considerations entirely, but well knowing that it was of no consequence to its foreign trade, whether it was gold or silver, or both, or paper, as it had been since 1797. No nation has ever consulted with another as to what its money should be, any more than as to what its government or religion should be. Germany consulted with nobody, either when it adopted silver in 1857, or gold in 1871. Undoubtedly it has been accepted as an argument for the adoption of the precious metals, that they had a readily recognized value everywhere, but this idea had reference to their value as commodities, not as money, and it is also true that this value is not taken away anywhere from either gold or silver, by demonetizing it. The idea of an international coinage was formulated for the first time by the Paris Conference of 1867. No single government has paid the least attention to the idle recommendations of that assemblage of theorists, and it is as certain as anything can be, that no government ever will. Germany gave the *coup de grace* to that Conference, by adopting in 1871 a totally new coinage of gold, different from that of either France, England or the United States.

In Alexander Hamilton's report of 1791 upon the mint, the decisive consideration, wholly domestic, which he urges in favor of the double standard, is the following:

> "To annul the use of either of the metals as money, is to abridge the quantity of circulating medium, and is liable to all the objections which arise from a comparison of the benefits of a full with the evils of a scanty circulation."

So far in the history of the world, no nation has ever gone into an international conference to determine what its money should be. The treaty of 1865 between the states of the Latin Union is not a case of the kind. Those states already had the same standard, the double standard, and the same relation of the metals, 15.5 to 1, and the main object of the treaty was to regulate certain details of coinage, and especially of the subsidiary coinage. Nor is the Convention of 1873

between Denmark and Sweden a case of the kind. Those countries had determined upon a gold standard, and saw fit, from the relations of propinquity and commerce, to regulate their steps towards it, and especially to provide for a common use of their subsidiary silver coinage, by treaty. The men in this country, who demonetized silver in 1873–4, called for no international conference before they consummated that act. It was only when the remonetization of silver was proposed, that they perceived the necessity of such a conference, and especially of a conference with nations whose opposition to silver is assured.

WHEN WILL BUSINESS REVIVE?

BY A. GILBERT.

A revival of trade is what all business men are anxiously looking for, and what a large number are confidently expecting—but just how it is to be brought about very few are able to tell. To many a revival means a return to the activity experienced during the ten years previous to the panic; anything short of this, while it may be regarded as an improvement on the past two years, will not be quite satisfactory, so apt are men to think and judge comparatively. Just what influences are needed to bring back the old time prosperity is something which but few business men appreciate; the majority, knowing that times have been better, think they will be again, and so look for a quick return, but all who are so looking, must of necessity be disappointed. Activity in business depends mainly upon the ability of consumers to buy, and it is only by contemplating the enormous losses sustained in this country since the panic, through a shrinkage of values, and by business failures, that a just appreciation of the ability of our people in this direction can be reached. The loss sustained by investors in the New Jersey Central Railroad alone amounts to over thirty millions of dollars, and in all of the coal companies combined, over one hundred millions; and when the entire list of railroad and other securities throughout the country is taken into the calculation, the loss will reach an amount almost if not quite as large as the National debt. Add to this the losses sustained in other business enterprises, and it will be possible to form an idea of the extent to which the purchasing power of the nation has been weakened; and until this lost strength is in a measure restored, we cannot expect to see such a revival in business as will justify the hopes of our business men. It is urged by many able writers that all that is needed to set the wheels of

industry in full motion is one abundant harvest; this will undoubtedly greatly improve the condition of things, but it cannot possibly produce the reaction that is looked for. The truth is, the business thought and habit of the nation has undergone a change; economy has taken the place of extravagance; every man who possesses a grain of common sense, realizes now that prosperity can only be attained by exercising the principles of frugality; and until this old-fashioned idea is again lost sight of, the tendency of the people of all classes will be, to buy only those things actually needed, and to save their surplus earnings; and the exercise of these principles by the whole nation at one time will operate as a strong retarding influence against a speedy return to our former business activity.

True it is that a good harvest will put producers in possession of funds, and enable them to buy more freely, and will create an extra demand for labor; but then the difference between an average crop and what is termed a very good one, is hardly of sufficient importance to serve as a panacea for all the ills that afflict us.

The whole nation financially is sick and weak, exhausted, and a restoration can only be brought about by slow processes—there must be a return to first principles, a letting go of foolish notions of extravagance, of the desire to get rich in a day. Then there will follow the disposition to earn what we get, to save what we earn, to pay our debts, and this will put us on a sure foundation upon which we may build with certainty; our growth from this point will be legitimate and healthy.

Our people have learnt the lesson, and have already commenced to follow its teachings. We are on the mend, and from this time onward we may look for a gradual improvement; so slow as to be almost imperceptible at first, but it will come more and more prominently into view as time rolls on. We must be patient and wait; we are sowing the seed, and in due time we shall reap the harvest.

Bank Taxation.—The cashier of the National Albany Exchange Bank brought an action against the City Assessors to set aside an assessment of the shares of that bank at par, on the ground that the shares of other banks, of much greater market value, were assessed no higher, that real estate was assessed at only forty or fifty per cent. of its value, that various corporations were not taxed on their entire capital, etc. The referee has now decided that none of these matters invalidate the assessment.

THE INSTITUTE OF BANKERS IN SCOTLAND.

At a meeting held in Glasgow on May 14th, the Council of this Institute declared the successful candidates at the examinations held in Edinburgh and Glasgow on April 24th. There were four who passed the highest or Membership examination, the number of marks attained being 191, 183, 172½ and 163½ respectively, out of a maximum of 228. Fifteen candidates passed the "Associate Examination," the marks attained ranging from 105 to 181, out of a maximum of 200.

The candidates who passed the Partial Examinations, as permitted by the Council's Regulations, numbered ten for the Membership and eleven for the Associate Examination, each having attained the requisite 50 per cent. of the value of the subjects selected by them.

That their examinations are not a mere matter of form may be seen by the Examination Paper, of which a copy, slightly abbreviated, will be found herewith.

The Second Annual General Meeting of the Institute was held in Glasgow on Tuesday, 5th June, 1877, at 8 o'clock P.M.

The Vice-President occupied the Chair. There was an attendance of about sixty Members and Associates. The Secretary read the minutes of the First Annual General Meeting, held in Edinburgh on 6th June, 1876, which were confirmed.

The Chairman then called for the Council's Report on the progress of the Institute, and, after it had been read and ordered to be printed, he presented certificates to Messrs. Connel, Thomson, Orr, and M'Ewen, the successful candidates at the last examination for membership.

The Treasurer submitted his annual financial report and balance sheet. It was resolved "That the Treasurer's Report be approved and printed. Also, that subscriptions be levied for the current financial year, payable on 1st of August, from Members and Associates residing in Edinburgh or Glasgow, at *one guinea* and *five shillings* respectively; from those resident elsewhere, at half these rates; and that fees, to be fixed by the Council, be charged for attendance at Lectures or Classes, except in case of Members, whose subscriptions shall be held to entitle them to all the privileges of the Institute."

The Report by the Council of the Institute shows that the progress of the Institute during the past year has been satisfactory, and gives promise of the realization of the hopes entertained as to its permanent usefulness.

The number of names on the roll shows a fair increase. At the close of last year there were 178 members. During the current year the Council have elected two, while ten have been admitted by passing the Examinations. The death of two members is recorded. The membership roll at present numbers 188. The number of Associates at the end of last year was 403. During the year 28 were admitted without examination, and 23 after examination. Two of this class have died. There have been two resignations, and eleven promotions to membership. Thus the Associate roll at present numbers 439, and the joint roll 627, being an increase of forty-six during the year.

The practical work of the Session was inaugurated in Edinburgh by an able and interesting address by Mr. Fleming, Manager of the Royal Bank of Scotland. Lectures on Political Economy were not specially provided, but Professor Hodgson opened his College Class to Institute Students. Sixteen students embraced the opportunity thus generously offered. That more did not attend may be attributed to the unavoidable shortness of the notice given of the arrangement, which is to hold for next Session likewise.

A course of ten lectures on the Law relating to Banking, was delivered jointly by Mr. R. V. Campbell, Advocate, and Mr. John Blair, a member of

the Council. The lectures were very popular—the number of tickets issued being 130, and the attendance throughout averaging fully 100.

Elementary classes for Arithmetic, Algebra and Bookkeeping were opened in November and continued till the close of March, under the charge of Mr. Robson of the Edinburgh Institution. The number of tickets issued was 58, of which a part was on account of gentlemen who enrolled for the purpose of getting admission to the Law Lectures or to the library and reading-room. This leaves about thirty-five as the number of students; but the average attendance was far short of it. The Council regret that so few gentlemen should have availed themselves of means of instruction for which the necessity is strikingly apparent.

The Library and Reading Room have been rather more popular than last year; but the room is still not used to an extent such as the Council would desire. The Library has, however, been largely appreciated. The number of volumes is 319, of which 283 were borrowed during the year.

In Glasgow, classes for Arithmetic, Algebra, Geometry and Bookkeeping were carried on. The number of students and the average attendance resemble those in Edinburgh, and on the whole the result of this department of the work of the Institute has been disappointing.

A course of thirty lectures was delivered by Professor Caird on Political Economy. The number of students enrolled was eighty-six, and the average attendance was about fifty-five.

The Library, consisting of 378 books, was extensively used. The number of volumes issued was 1,073, the number of readers 240, and the number of books at present out is 107.

The Reading Room has been fairly successful, the average daily attendance being, as last year, forty-five.

The result of the examinations held in May, 1876, which was not ascertained at the date of last report, was satisfactory; but the Council had to regret a high proportion of failures. Six gentlemen gained the Membership Certificates, and eight passed as Associates. Mr. David Henderson, of the Bank of Scotland, Edinburgh, and Mr. William Wallace, of the Royal Bank, Edinburgh, were the prizemen.

At the examinations, held in April this year, forty-six candidates presented themselves. Of these, four passed as Members and fifteen as Associates, while twenty-one took up only a portion of the subjects specified. The prizemen are Mr. Robert Connel, Clydesdale Bank, Moore Place, Glasgow, and Mr. J. A. Adamson, Town and County Bank, Aberdeen.

It has been stated at the beginning of this report that the results of the past year are satisfactory and encouraging; but it must be distinctly recognized, that the objects of the Institute—viz., the improvement and elevation in status and influence of those engaged in Banking—are of a nature precluding the possibility of any remarkable effects being rapidly manifested. The growth of intelligence in any large body of men must necessarily be slow rather than sudden. Some years of steady effort must elapse before it can be possible to show that the Institute has gained the end in view, by securing a higher culture and tone in those among whom its operations are brought to bear. The Council, however, can confidently state, that the response to the efforts already made is amply sufficient to prove that the Institute is not unneeded, but is the product of a felt want. The largeness of the number coming forward as candidates for admission as Members and Associates, and still more, the care with which questions in the examination papers have been answered are significant facts, and point, in the opinion of the Council, to a career of success for the Institute.

The annual election of officers, and of fifteen Members of Council, then took place. The following are the officers chosen:

President—David Davidson, Treasurer, Bank of Scotland.

Vice-Presidents—John Affleck, Assistant-Manager, Union Bank of Scotland, Glasgow; John Gifford, Cashier, National Bank of Scotland; Archibald Robertson, Cashier and Agent, Royal Bank of Scotland, Glasgow.

Treasurer—J. R. Mackay, Accountant, British Linen Co. Bank, Edinburgh.

Secretary—Andrew Wm. Kerr, Royal Bank of Scotland, Edinburgh.

EXAMINATION PAPER—APRIL, 1877.

CANDIDATES FOR ADMISSION TO MEMBERSHIP.

I. *Modern Languages.*—(Examples for translation of French and German into English, and *vice versa.*)

II. *General History.*—(Six questions.)

III. *British History.*—(Four questions.)

IV. *British Constitution and Government.*—(Four questions.)

V. *English Literature.*—(Four general and six special questions.)

VI. *Principles of Political Economy.*—1. What are the three requisites of the Production of Wealth? 2. Define Wealth and Money. 3. State the disadvantage of a double standard of value, as regards monetary contracts. 4. How is the average rate of Wages determined?

VII. *History and Principles of Banking and Currency.*—1. Mention, shortly, some of the benefits derived by a community from a well-regulated system of banking. 2. In what kind of district would you say that banking is likely to be carried on with least risk, and why? 3. Mention some of the points that a prudent banker will never lose sight of in making advances. 4. Seeing that the wealth and trade of the country have greatly increased since the last joint-stock bank was established in Scotland, what would you assign as reasons why no new banks have been founded in the interval? 5. What do you think has led to the absorption of so many, comparatively, of the smaller Scotch banks by their larger neighbors? 6. When was Sir Robert Peel's Act for Scotland passed, and how did it affect the Issues? 7. Have these Issues been increased or diminished since the passing of the Act? 8. When was the first Joint Stock bank established in the United Kingdom?

VIII. *Stocks and Stock Exchange Transactions.*—1. Against what documents is a loan on stock usually made? 2 What rate of interest is generally charged for three months' loans? 3. How is a transfer of stock carried out? 4. What means have been devised to prevent undue "bearing" of bank stocks?

IX. *Theory and Practice of the Foreign Exchanges.*—1. Give an explanation of the phrases "Par of Exchange" and "Course of Exchange." 2. What is the meaning of the term "favorable exchanges" as employed by mercantile men? 3. What is the difference between a bill drawn on New York at "exchange as endorsed in London," and one drawn "payable at the current rate of exchange in London when due"? 4. What is the value of a franc in American money when the exchange is at £110 for 444 dollars 44 cents, and between England and France at 24 francs 87c. per pound sterling?

X. *Principles of Scotch Law and Conveyancing.*—1. Is it essential that instrumentary witnesses should see the person whose subscription they attest subscribe the deed, and that they should subscribe in presence of him and of each other? 2. What are the ages (1) of pupillarity, (2) of puberty or minority, and (3) of majority, and what differences result from them in point of legal capacity? 3. What is the effect of personal obligations or bills granted by a married woman? 4. What is a sufficient title to warrant a bank to pay over to the representatives of a deceased person funds in their hands which belonged to the deceased? 5. How may formal deeds be executed by a person who cannot write? 6. If a person die intestate, survived by a widow and children (both sons and daughters), and having both heritable and movable estate:—what are the respective rights of widow and children in his estate?

XI. *Mercantile Law.*—1. What is the effect of the discharge of a debtor, without the consent of the cautioner, upon the cautioner's obligations? 2. What is the effect of a change in the partners of a company, consisting of two or more, upon a cautionary obligation previously undertaken for the company? 3. What is necessary to complete the lender's right in the contract of pledge? 4. Is a guarantee for the debts or obligations of a third party, granted by a partner of a mercantile company in the firm's name, effectual against the company or the individual partners who did not authorize it?

XII. *Law of Bills, Cheques, and Receipts.*—1. Enumerate the essentials of bills. 2. Can a bill be stamped after being signed? 3. Within what period must the protest of a bill be registered in order to obtain a warrant for

summary diligence? 4. If the protest be not registered within such period, how is the sum in the bill to be recovered? 5. How may bills be preserved from the operation of the sexennial prescription? 6. Does a banker incur responsibility by paying a cheque drawn payable to order (1) if, being indorsed per procuration, the person so endorsing should turn out to have no authority, or (2) if, bearing to be endorsed by the payee, the endorsement should be forged? 7. What is the effect of the words "not negotiable" written upon a cheque? 8. A deposit receipt being granted to a husband and wife payable to either of them or the survivor:—is the banker bound, upon the death of the husband, to pay the whole sum in the receipt to the surviving wife, without any other title than the receipt being produced to him?

XIII. *Bankruptcy Law.*—(Six questions.)

CANDIDATES FOR ADMISSION AS ASSOCIATES.

I. *Arithmetic and Vulgar and Decimal Fractions.*—(Eight examples.)

II. *Algebra.*—(Six examples.)

III. *Geography and Physical Geography.*—(Six examples.)

IV. *English Composition.*—(Four examples.)

V. *Book-keeping and Bank Books.*—1. Give short explanation of Book-keeping by Single Entry. 2. Give short explanation of Book-keeping by Double Entry. 3. Explain "Closing Entries." 4. Submit a specimen of Balance Account. 5. Specify the principal books in use in Scotch banks. 6. Submit specimen of a Branch ordinary letter to Head Office. 7. How are Branch transactions exhibited to Head Office. 8. Give specimen of a Quarterly Report on Cash Credit Accounts at a Branch Office.

VI. *Exchange and Clearing-House.*—1. State the object of the Saturday afternoon Exchange of Notes in Scotland. 2. Describe the stages by which the balances in the country towns are finally settled in London. 3. State the advantages of the Clearing-House system. 4. Describe the stages by which a cheque on the Royal Bank, Glasgow, cashed by the Bank of Scotland there, on Thursday at two o'clock, and refused payment of by the Royal Bank, ought to be negotiated through the Clearing House and returned, in accordance with the rules. State also how the cheque would be treated if drawn on one of the Glasgow Town Branches of the Royal Bank.

VII. *Note Circulation.*—1. What statesman carried through Parliament the Act which now regulates the Note Circulation of the banks in Scotland, and in what year did it become law? 2. How was the authorized issue of the Scotch banks fixed by the said Act, what does the law require as regards excess above that amount, and what check is employed to insure that this is fulfilled? 3. What may be considered the most striking point of difference between the restraints laid upon the Scotch and English banks in regard to their issues?

IX. *Negotiation of Bills and Checks.*—1. If a Bill be presented for acceptance and acceptance refused, is it necessary to present it again at maturity for payment, and, if so, why? 2. What delay is the drawee of a Bill entitled to, to determine whether he shall accept or not? 3. On what Bills are no days of grace allowed? 4. When are Bills payable which mature on statutory bank holidays? 5. Is verbal notice of the dishonor of a Bill sufficient, or must it be in writing? 6. If the drawer of Cheque die, after issuing it, but before it is presented, is the banker bound to pay it, if he have funds? 7. If an unstamped Cheque be presented to a banker, is he entitled to affix a stamp to it, and if he do so, what is the effect as regards the drawer's liability in the statutory penalty? 8. If the drawer of a Cheque, made payable to "myself or order," present it himself, is it necessary that he endorse it?

X. *History and present Position of Banking in Scotland.*—1. Was the right of Issue conferred by Statute, or how did it originate? 2. When was the last joint-stock bank established in Scotland? 3. How many and which banks have ceased to exist in Scotland since 1855? 4. Which of them have been amalgamated? 5. State, approximately, the total capital of the existing Scotch banks, and the total of the Reserve Funds. 6. Is the capital fully paid up? 7. Which of the Scotch banks have not opened offices in London? 8. How many of the Scotch banks are incorporated by Royal Charter?

SECOND MINORITY REPORT OF THE SILVER COMMISSION.

SIGNED BY PROF. FRANCIS BOWEN, AND HON. RANDALL L. GIBSON, M. C.

Summing up, the following are presented as the conclusions of this report :

First: The great changes which have taken place during the last year in the relative value of the two precious metals are attributable almost entirely to fluctuations in the market price of silver, since the prices of commodities generally, reckoned in gold, have been comparatively stable.

Second: These fluctuations indicate a considerable fall in the value of silver, which has been produced by three causes : 1. By the great productiveness of the silver mines in the Comstock lode, which, within a few years have doubled the average annual product of that metal for the whole world ; 2. By a great diminution within the last five years of the demand for silver to be exported to British India ; 3. By the demonetization of silver within the same period, by Germany, Denmark, Sweden, and Norway, and the limit put upon the coinage of it by Holland, France, and the other States of the Latin Monetary Union.

Third: These fluctuations prove that silver has become entirely unfit for use as a standard of value, and this action of Germany and other European States, shows that they have become aware of this unfitness, and have altered their systems of coinage and legal tender accordingly.

Fourth: The question whether the three causes here alluded to have permanently depreciated the value of silver, is one which does not at present admit of a determinate answer. Vague estimates and uncertain theories afford no safe grounds for legislation.

Fifth: The so-called double standard is an illusion and an impossibility. The prolonged attempts made both by France and the United States to establish such a standard, have been complete failures, causing much confusion and inconvenience, necessitating frequent changes of legislation, and resulting only in the alternate establishment of one or the other precious metal as the sole standard.

Sixth: Silver is further unfitted to be the principal medium of exchange : 1. through its considerable weight and bulk in proportion to its value, being thus inconvenient for use in large transactions, and settling international balances ; and 2. through its constant liability to loss by abrasion and clipping, the corresponding loss in the case of gold being so small as to be almost imperceptible.

Seventh: The proper place for silver in a monetary system is that of a subsidiary or token currency, which is considerably overvalued by law, and made legal tender only within certain limits. These limits being indeterminate except by general considerations of expediency, there is no valid objection to so far widening them as considerably to increase the amount of silver now in circulation, paper money being withdrawn to an equivalent amount, and the silver coins being made legal tender for any sum not exceeding $20.

Eighth: The proposed "policy of continuing legal-tender notes concurrently with the metallic standards" would be in the highest degree inexpedient and unjust, this paper money system having been the chief cause of the paralysis of trade and industry under which the country has labored for the last three years, and Congress having, as far back as 1869, solemnly pledged the faith of the country for the resumption of specie payments at the earliest practicable moment.

Ninth: Circumstances at the present time have made such resumption both practicable and easy within a very brief period, the paper currency having spontaneously contracted itself at the average rate of $3,000,000 a month during the last twenty-two months.

In order to complete this very desirable result, and to make our monetary

system conform in all important respects to that of the most prosperous and best ordered commercial countries of Europe, the following measures are respectfully recommended for adoption by Congress:

1. That dollars be coined, each containing 345.6 grains of pure silver, which shall be legal tender for any sum not exceeding $ 20, and shall be issued only in exchange for paper currency below the denomination of $ 5, and the $ 1 and $ 2 notes so received in exchange, shall be immediately cancelled and destroyed. These silver dollars, however, shall be receivable to any amount in payment of any dues to the Government, except for duties on imports. After January 1, 1878, notes below the denomination of $ 5, shall not be paid out either by the Treasury or the banks, and shall not be a legal tender.

2. Gold shall in future be coined only at the rate of 22.6 grains of pure gold to the dollar, so that the half-eagle or $ 5 piece may be almost the exact equivalent of £ 1 sterling; and the gold so coined shall be legal tender to any amount: Provided, however, that all debts and contracts expressly made payable only in gold, and outstanding on the date of this enactment, shall be paid and discharged only by dollars, each containing 23.2 grains of pure gold, or by their equivalent.

3. Out of the paper currency received by the Government in the collection of its internal revenue, a sum not exceeding $ 3,000,000 each month shall not be re-issued, but shall be cancelled and destroyed; and any deficit which may thereby be created in the Treasury, shall be supplied in the manner already authorized by law, namely, by the sale of any of the United Sates bonds which the Secretary of the Treasury is now empowered to issue.

NEW LAWS OF THE STATE OF NEW YORK.

GENERAL STATUTES OF NEW YORK, CHAP. 256.

An Act to amend chapter 371 of the law of 1875, entitled "An Act to conform the charters of all savings banks, or institutions for savings, to a uniformity of powers, rights and liabilities, and to provide for the organization of savings banks, for their supervision and for the administration of their affairs." Passed May 10, 1877.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

SECTION 1. Section thirty-three of chapter three hundred and seventy-one of the laws of eighteen hundred and seventy-five, entitled "An Act to conform the charters of all savings banks or institutions for savings to a uniformity of powers, rights and liabilities, and to provide for the organization of savings banks for their supervision and for the administration of their affairs," is hereby amended so as to read as follows:

Sec. 33. It shall be the duty of the trustees of every such corporation to regulate the rate of interest or dividends not to exceed five per centum per annum, upon the deposits therewith, in such manner that depositors shall receive, as nearly as may be, all the profits of such corporation after deducting necessary expenses and reserving such amount as the trustees may deem expedient as a surplus fund for the security of depositors, which to the amount of fifteen per cent. of their deposits, the trustees of any such corporation are hereby authorized gradually to accumulate and hold, to meet any contingency or loss in its business from the depreciation of its securities or otherwise; provided, however, that the trustees of any such corporation may classify their depositors according to the character, amount and duration of their dealings with the corporation, and regulate the interest or dividends allowed in such manner that each depositor shall receive the same ratable proportion of interest or dividends as all others of his class. It shall be unlawful for the trustees of any savings bank to declare or allow interest on any deposit for a longer

period than the same has been deposited, except that deposits made not later than the tenth day of the month, commencing any semi-annual interest period, or than the third day of any month, or withdrawn on one of the last three days of the month, may have interest declared upon them for the whole of the period or month when so deposited or withdrawn. No dividends or interest shall be declared credited or paid except by the authority of a vote of the board of trustees, duly entered upon their minutes, whereon shall be recorded the ayes and nays upon each vote, and whenever any interest or dividends shall be declared and credited in excess of the interest or profits earned and appearing to the credit of the corporation, the trustees voting for such dividend shall be jointly and severally liable to the corporation for the amount of such excess so declared and credited. And it shall be the duty of the trustees of any such corporation whose surplus amounts to fifteen per cent. of its deposits, at least once in three years, to divide equitably the accumulation beyond such authorized surplus as an extra dividend to depositors, in excess of the regular dividends hereinbefore authorized. A notice posted conspicuously in the bank of a change in the rate of interest shall be equivalent to a personal notice.

Sec 2. Section thirty-four of said Act is hereby amended so as to read as follows:

Sec. 34. In determining the per cent. of surplus held by any savings bank, its interest paying stocks and bonds shall not be estimated above their par value or above their market value if below par; its bonds and mortgages on which there are no arrears of interest for a longer period than six months, shall be estimated at their face, and its real estate at not above cost. Concerning such stocks or bonds, or bonds and mortgages as are in arrears of interest for six months or more, and concerning all other investments not herein enumerated, the superintendent of the banking department shall determine the valuation of the same from the best information he can obtain, and he may change valuation thereof from time to time according as he may obtain other and further information.

Sec. 3. Section thirty-six of said Act is hereby amended so as to read as follows:

Sec. 36. Every such corporation shall, semi-annually, on or before the first day of February and August in each year, make a report in writing to the Superintendent of the Banking Department, and in such form as he shall prescribe, of its conditions on the morning of the first days of January and July preceding.

Sec. 4. Section forty-five of said Act is hereby amended so as to read as follows:

Sec. 45. It shall be the duty of the trustees of every savings bank, by a committee of not less than three of such trustees, on or before the first day of January and July in each year, to thoroughly examine the books, vouchers and assets of such savings bank and its affairs generally, and the statement or schedule of assets and liabilities reported to the Superintendent of the Banking Department for the first of January and July in each year, shall be based upon such examination, and shall be verified by the oath of a majority of the trustees making such examination, but nothing herein contained shall be construed as prohibiting the trustees of any savings banks from requiring such examinations at such other times as they shall prescribe.

It shall be the duty of the trustees of any such corporation, as often as once in each six months during each year, to cause to be taken an accurate balance of their depositors' ledgers, and in their semi-annual report to the Superintendent of the Banking Department, they shall state the fact that such balance has been taken, and shall state the discrepancies, if any, existing between the amount due to depositors as shown by such balances, and the amount due to depositors as shown by the general ledger.

Sec. 5. This Act shall take effect on the first day of July, eighteen hundred and seventy-seven.

U. S. SUPREME COURT DECISIONS.

NEGOTIABLE PAPER.—No. 184. *Collins* vs. *Gilbert and Gay.*—Error to the Western District of Pennsylvania.—Transfers of a negotiable instrument, such as a bill of exchange, or a promissory note, payable subsequent to its date, clothe the instrument with the presumption that it was negotiated for value in the usual course of business at the time of its execution, and without notice of any equities between the prior parties to the instrument. In such a case the holder has nothing to do but to prove the signature and introduce the instrument in evidence in the opening of his case, and is not called upon to prove the consideration paid, until the opposing party has introduced evidence to prove want of it, or fraud.

CONVERSION OF STATE BANKS INTO NATIONAL.—No. 15 (original). *Casey* vs. *Galli.*—Casey, as receiver of the New Orleans Banking Association, sued to enforce the liability of the defendant as a shareholder, the assets being insufficient to pay the debts. The defence was that the Association was originally formed under the laws of the State, and that there was no authority given by the State law, nor by vote of the stockholders, for its transformation into a National banking association. The court held that no authority from the State was necessary, and that the shareholders, when called upon to respond to a liability as such, cannot deny the existence or legal validity of the corporation. Judgment for the receiver, on demurrer.

UNAUTHORIZED MUNICIPAL BONDS.—No. 182. *County of Dallas* vs. *Mackenzie.*—Error to Western District of Missouri. It does not matter that municipal bonds recite on their face that they were issued in pursuance of law, or that the claimant is a holder for value; if there was actually no authority for their issue, the case is the same as that of forgery, and the holder for value is no more entitled to protection than in such a case. Good faith to the person whose name is forged would require his protection against a holder who pays his money for a forged or unauthorized note. So in cases of the issue of municipal bonds without warrant good faith requires the protection of the people in a similar manner. Reversed. Mr. Justice Hunt delivered the opinion.

FORECLOSURE OF RAILROAD MORTGAGES.—No. 411. *Miller et al.* vs. *Dows et al.* Appeal from the District of Iowa.—This court affirms a decree in foreclosure against the Chicago and Southwestern Railway. Where the road is located in part within the district, and the mortgage covers the entire property, there is authority for the decree of foreclosure on the whole. A vast number of railroads, partly in one State and partly in another, forming continuous lines, have been constructed by consolidated companies, and mortgaged as entireties. More than $ 100,000,000 may be safely assumed to be invested in mortgages on such roads. In many cases these investments are sufficiently insecure at best, but if such roads can be sold under legal process only in fragments; if, as in this case, where the mortgage is upon the whole line, and includes the franchise of the corporation which made the mortgage, the decree can reach only the part of the road which is within the State, it is plain that the property must be comparatively worthless at the sale. Mr. Justice Strong delivered the opinion. Affirmed.

MISPLACED BONDS.—No. 190. *County of Scotland* vs. *Thomas.* Error to Eastern District of Missouri.—The question was whether an authority given to issue municipal bonds in aid of a railroad company was a valid authority to issue them to a different corporation with which it had been consolidated; the county, maintaining that it was not, repudiated the securities. The court hold that the amending act which authorized the consolidation, was in perfect accord with the general purpose of the original charter of the road to be aided—the Alexandria and Bloomfield Railroad Company—and, that as the rights and privi-

leges of this road passed over to the consolidated road, there is no reason why the power given to the county to subscribe to the stock shall not continue in force. Affirmed. Mr. Justice Miller dissented.

RESTRICTED INDORSEMENT.—No. 192. *Davis, Receiver,* vs. *Broeser* and others. Error to Northern District of Illinois.—An indorser of a promissory note is a competent witness to prove an agreement in writing, made with its holder at the time of his indorsement, that he shall not be held liable thereon, where the paper has not afterward been put into circulation, but is held by the party to whom the indorsement has been made. Such agreement is equivalent, so far as the holder is concerned, to an indorsement without recourse.

LEGAL MISCELLANY.

ABSTRACTS OF RECENT DECISIONS IN FINANCIAL LAW.

[FROM THE ALBANY LAW JOURNAL.]

New York Court of Appeals.

NEGOTIABLE PAPER.—1. *Alteration of: what constitutes: authority to make alteration, when presumable from defect in instrument: when not presumable.*—It is the delivery of a paper, defective in the form in which it is delivered, that gives the power to so add to it as to remedy the defects in it. But where a note, in its terms perfect, is delivered, and the fact that it is not expressive of a contract binding upon the party executing it arises from a fact *aliunde* the paper itself (*e.g.*, the note being in ordinary form, and the maker a married woman), in such a case a material addition to such an instrument can be justified only by express authority to make it, and such authority will justify it. Judgment below affirmed. *Tuddiken* vs. *Cantrell.* Opinion by Folger, J.

2. *Alteration valid to bind party signing when authorized by such party.*—It appeared from the testimony that defendant gave authority to plaintiff, from whom she borrowed money, to draw up a note, which she signed, and to add to such note anything which counsel to be consulted by him should suggest as needful to make the note right, legal and proper. *Held* to be sufficient to justify an addition to the note of such language as would be necessary to make it a contract capable of being enforced against defendant; and the fact that the defendant did not know the precise terms of the addition which had been made was not material.—*Ib.*

Superior Court of Buffalo.

COLLATERAL SECURITY.—1. *Indorsement of note: collateral security: when indorsee of note not entitled to securities held by indorser.*—Where a creditor who holds a collateral security for a debt—for example, a bond secured by a mortgage—sells and transfers the debt, such sale carries with it the collateral security, the debt being the principal thing, and the security but an incident which attends it. But this principle, as it arises out of equitable considerations, is applicable only in those cases in which equity requires that it should be, and never to the injury or against the equitable rights of the assignor. *Vose* vs. *Scatcherd, as receiver, et al.* Opinion by James M. Smith, J.

2. *Right of indorsee does not resemble that of surety.*—The right of the indorsee of a note, or the assignor of a debt, to the securities given to the original creditor, is in its nature like the right of a surety to require from the creditor a transfer of whatever securities were given by the principal to the creditor. But where a creditor holds securities for the protection of, and which are common to, several distinct debts, a surety by the payment of one, or any part of such debts, acquires no right to be subrogated to any part of the securities. His

right is to stand in the place of the creditor, and he must take that place, if at all, wholly and entirely, not in part; he must take it with all its burdens; he must pay all the debts for which the securities are held. He will then be entitled to every remedy which the creditor has against the principal debtor, not only through the medium of contract, but by means of all securities for its performance. *Ib.*

3. *Transfer of note carries collateral security with it.*—The defendants, the B. Car Co. and the B. and J. Railroad Co., agreed that certain freight cars, owned by the Car Co., should be delivered to the Railroad Co., and that the latter should give its five several promissory notes, payable to the Car Co.'s order, at twelve, fourteen, fifteen, sixteen, and seventeen months, respectively, but that the title to the cars should remain in the Car Co. until payment of all the notes, when a bill of sale would be given; but in case of a failure to pay either of the notes when due, the Car Co. should be entitled, at its election, to take possession of the cars and sell them; the proceeds of the sale to be applied on the unpaid notes, and the balance to be retained by the Car Co. as rental for the use of the cars. The notes were, accordingly, made and delivered to the Car Co., and the cars delivered to the Railroad Co. The twelve months' note, before it became due, was sold and indorsed by the Car Co. to the plaintiffs, who recovered judgment thereon against the Railroad Co., and execution returned unsatisfied. The Car Co., for a valuable consideration, extended the time for the payment of said notes, and allowed the Railroad Co. to remain in the possession of the cars, and use them long after plaintiffs' note became due. *Held* (on demurrer), that no right, benefit or interest, legal or equitable, in the cars or in the agreement passed by the indorsement of the note to the plaintiffs, and that they were not entitled in equity to have the cars sold to satisfy their judgment. *Ib.*

RECENT BANKRUPTCY DECISIONS.

BANK CHECK.—*Where not appropriation of fund in bank.*—Where one who has purchased a check of one bank upon another fails to present it for payment until the drawer has been adjudged a bankrupt, he is not entitled to priority of payment from the fund in the hands of the assignee, although there were sufficient funds in the hands of the drawee at the time of presentment to pay the check. Such check creates no appropriation of or lien upon the fund in the bank, nor does it give a right of action against the drawee. U. S. District Court, S. D. Ohio. *In re Smith*, 15 Nat. Bankruptcy Reg. 459.

PREFERENCE.—1. *Substituting notes at short time for those at longer time.*—Where an insolvent, with knowledge of his condition and with intent to give his bank a preference, substitutes small notes, payable immediately, for older and larger ones held by the bank, some of which have already matured, such substitution as a condition for a further loan having been demanded by the President of the bank with knowledge of the insolvent's condition, and thereby the bank is enabled more easily to and does obtain judgment upon said notes, and seize and sell the insolvent's property upon executions issued thereon, such seizure and sale will be declared void, and the amount realized at the sale will be ordered paid to the assignee of such insolvent. U. S. Dist. Ct., E. D. North Carolina. *Loudon, assignee, etc.*, vs. *First Nat. Bank of Wilmington*, 15 Nat. Bankruptcy Reg. 476.

2. *What shows knowledge of insolvency.*—Where a bank demands of a depositor, who has theretofore always been prompt in his payments, and who has a note overdue and others about to mature, which he has made no arrangements to meet, that he shall, as a condition of a further loan which he requires to meet a borrowed note, substitute smaller notes, payable immediately, for those then held by the bank, and also for such further loan, in order to enable it more easily to obtain judgment thereon, *held*, that the demand was made with knowledge of the applicant's insolvency.—*Ib.*

BANKING AND FINANCIAL ITEMS.

INQUIRIES OF CORRESPONDENTS.—Replies to a number of these, recently received, have been unavoidably deferred. Asking the patience of our inquiring friends, we now shall be enabled to give them early attention, either by mail or in the next number of the Magazine.

CALLS FOR FIVE-TWENTY BONDS.—Three calls have been issued during the month of July, each for ten million dollars in Five-twenty Bonds of the Act of March 3, 1865, "Consols of 1865." The proportions in each call are $7,000,000 coupon and $3,000,000 registered bonds. Interest ceases on the day named for resumption, the numbers mentioned being in all cases inclusive.

The Fiftieth call was dated July 5th, and is redeemable October 5th, numbers as follows.

Coupon.—$50, Nos. 11,001 to 17,000; $100, Nos. 18,001 to 29,000; $500, Nos. 18,001 to 27,000; $1,000, Nos. 41,001 to 52,000.

Registered.—$50, Nos. 501 to 700; $100, Nos. 4,901 to 6,400; $500, Nos. 4,351 to 5,200; $1,000, Nos. 13,601 to 16,500; $5,000, Nos. 4,351 to 5,050; $10,000, Nos. 3,701 to 4,472.

The Fifty-First call, dated July 16th, is redeemable October 16th, for bonds numbered as below:

Coupon.—$50, Nos. 17,001 to 24,000; $100, Nos. 29,001 to 40,000; $500, Nos. 27,001 to 34,000; $1,000, Nos. 52,001 to 64,000.

Registered.—$50, Nos. 701 to 900; $100, Nos. 6,401 to 8,550; $500, Nos. 5,201 to 6,150; $1,000, Nos. 16,501 to 19,850; $5,000, Nos. 5,051 to 5,900; $10,000, Nos. 4,473 to 5,354.

The Fifty-Second call, dated July 19, is redeemable October 19th, the numbers being as follows:

Coupon.—$50, Nos. 24,001 to 30,000; $100, Nos. 40,001 to 52,000; $500, Nos. 34,001 to 42,000: $1,000, Nos. 64,001 to 75,000.

Registered.—$50, Nos. 901 to 1,150; $100, Nos. 8,551 to 10,500; $500. Nos. 6,151 to 7,200; $1,000, Nos. 19,851 to 23,000; $5,000, Nos. 5,901 to 6,700; $10,000, Nos. 5,355 to 7,880.

THE REDEMPTION BUREAU has been interrupted in its operations by the effects of the railroad strikes. On July 23d, the Adams Express Co. notified the Department that it would decline for the present to take any money packages for transportation. Even without this, shipments of money would have been suspended by the Treasury, the question of risk and responsibility for loss being a doubtful legal point.

SUSPENSION OF A SAVINGS BANK.—Early in July, the Trustees of the Clinton Savings Bank, No. 244 Eighth Avenue, decided to suspend business and to apply for the appointment of a Receiver. The bank began business in June, 1869, and in September, 1875, its deposits amounted to about $200,000. Since then, however, its business has almost steadily decreased. The deposits are stated at $69,000, and the assets, at cost values, as $73,668.38. With good management, it is thought the loss to the depositors (who number 1,254) will not exceed ten per cent.

CONTINENTAL NATIONAL BANK.—On July 3d, Mr. Edmund D. Randolph, Cashier, was unanimously elected President of the Continental National Bank, *vice* Mr. Charles Bard, resigned. Mr. Bard retires from the office at his own solicitation, from consideration of health, and for the purpose of accepting, on September 1, the appointment of Bank Commissioner of the State of Connecticut. Mr. Bard will continue to serve as a director of the bank and as Chairman of its Finance Committee.

THE CONSOLIDATED MINING STOCK EXCHANGES.—The New York Mining Exchange and the American Mining and Stock Exchange having agreed to consolidate, the first meeting of the new Exchange was held July 20, for the purpose of electing officers.

Mr. John T. Denny, Chairman of the Joint Committee on Consolidation, presented the following list of candidates, made up about equally from each Exchange, all of whom were unanimously elected:

President—George B. Satterlee. *Vice-President*—C. M. Stead. *Treasurer*—John Stanton, Jr. *Secretary*—J. Wyman Morris. *Chairman*—L. W. Badger. *Assistant Secretary*—R. H. Gallaher, Jr.

Governing Committee—George Tuttle, W. R. Utley, H. Tracy Arnold, R. J. Kimball, J. C. Godfrey, C. J. Turner, William Ward, Isidore Wormser, Henry Hungerford, J. E. Gay, Henry Altman, C. O. Morris, H. J. Hubbard, W. M. Van Schaick, S. W. Lapsley, W. H. Matterson, M. Doubleday and W. T. Whiting, and the chairmen of the standing committees.

Finance Committee—R. H. Rickard, W. E. King, J. Geiger, F. L. Mather, Jr., and J. E. Gay. *Arbitration Committee*—E. S. Munroe, C. Wallace Lawrence, William Stuart, C. B. Gold, W. R. Utley, C. O. Morris and Henry S. Steele. *Membership Committee*—J. J. Thomas, A. J. F. Van de Venter, Louis Haight, G. Leo, W. M. Shaw, W. H. Barber and Henry Coggill. *Securities Committee*—W. A. Shepard, William Brandreth, J. F. Scott, John Stanton, Jr., J. E. Gay, R. H. Rickard and R. B. Lonsberry.

CALIFORNIA.—At a meeting of the Directors of the San Francisco Clearing House, held on June 30th, five banks which have heretofore stood aloof from the Association, were admitted to membership. The list is now as follows, the last five being the new members: 1, Bank of California; 2, Bank of British Columbia; 3, Bank of British North America; 4, Bank of San Francisco; 5, B. Davidson & Co.; 6, Belloc Freres; 7, Donohoe, Kelly & Co.; 8, First National Gold Bank; 9, Hickox & Spear; 10, London & San Francisco Bank, Limited; 11, Merchants' Exchange Bank; 12, Sather & Co.; 13, Swiss-American Bank; 14, Anglo-Californian Bank, Limited; 15, Wells, Fargo & Co.; 16, Nevada Bank; 17, Lazard Freres; 18, Pacific Bank; 19, National Gold Bank and Trust Company; 20, Tallant & Co.

GEORGIA.—In a suit recently decided by Judge Pottle of the Superior Court, it is held that the bonds of the State of Georgia are taxable for State and County purposes, but are not liable for any school tax.

IOWA.—The Bank of Keota, at Keota, an entirely new organization, succeeds the Keota Bank, with a paid capital of $50,000. The officers are Charles F. Singmaster, President; H. Hinkle, Vice-President, and J. T. Webber, Cashier.

MASSACHUSETTS.—The receivers of the Mechanics' Savings Bank of Boston have been authorized to pay depositors a cash dividend of forty per cent. on deposits aggregating $171,469. The remaining assets will, it is stated, suffice to pay in full all existing demands against the bank.

MISSOURI.—The failure of the National Bank of the State has been followed by several other suspensions among the Savings banks. On July 10th, the directors of the German Bank resolved to discontinue business, and placed the assets of the bank in the hands of an assignee. The liabilities to depositors are about $200,000, and will doubtless be paid in full, though after some delay. Runs upon several other Savings banks ensued. The demands were almost exclusively made by small depositors, and were met promptly, except in some cases where time deposits were called for, and the banks exacted the usual sixty

days' notice. On the 14th, the Butchers & Drovers' Bank suspended. On the 16th, the North St. Louis Savings Association closed its doors, and in consequence of this failure, the Bank of St. Louis (a small bank, not a member of the Clearing House,) also suspended. The runs on other banks continued today, but current accounts were promptly met, and there was at no time any noticeable excitement.

On the 16th, the Bremen Savings Bank closed, and, like the other suspended banks, will probably go into liquidation. The excitement now came to an end, and no more bank failures are anticipated. The troubles have all been with banks holding savings deposits, and not with those representing the commercial part of the community.

On July 11th, the Bank of Pike County, at Louisiana, Mo., failed. At a meeting of the stockholders, the directors reported the liabilities at $115,000; net value of assets about $70,000; and that the depositors would be paid in full, the majority of the stockholders being solvent.

St. Louis Banks.—The following aggregate statement of the condition of banks in St. Louis on July 1st, 1877, is compiled from public and private statements by Mr. E. Chase, Manager of the St. Louis Clearing House:

	Capital and Surplus.	*Savings and Time Deposits.*	*Current Deposits.*	*Loans, Discounts, and Bonds.*	*Cash and Exchange.*
6 National Banks	$3,728,837	$810,717	$6,832,240	$7,148,042	$3,769,894
23 State Banks	9,346,579	10,129,254	12,687,774	24,603,842	6,220,368
29 Clearing-House Banks	13,075,416	10,939,971	19,520,014	31,751,884	9,990,262
13 Banks not in Clearing House.	1,243,397	1,996,608	1,338,204	3,795,310	617,527
42 Banks in St. Louis	14,318,813	12,936,579	20,858,218	35,547,194	10,607,789
46 Banks 1st January, 1877	17,884,796	14,281,989	24,257,177	42,548,113	11,317,692
Decrease last six months	3,565,983	1,345,410	3,398,959	7,000,919	709,903

On January 1, 1877, the seven National banks had bonds deposited at Washington, $842,950, to secure $758,435 circulation. On July 1, 1877, six National banks had of bonds $792,950, and of circulation $708,070.

Dividends.—The Comptroller of the Currency has declared a dividend of 12½ per cent. in favor of the creditors of the Watkins National Bank, of Watkins, New York, making in all dividends of 87½ per cent.

The Comptroller has also declared a dividend of fifteen per cent. in favor of the shareholders of the National Bank of the Commonwealth of New York city, making in all thirty-five per cent. in favor of the shareholders, and one hundred per cent. in favor of the creditors.

Common Carriers.—In a suit brought against the Wilmington & Welden Railroad, a recent decision of the Supreme Court of North Carolina declares that a common carrier is bound by the common law to convey goods committed to him for that purpose, within a reasonable time, and on failure is liable in damages. It also declares that a common carrier, especially one having a monopoly, who invites public custom, is bound to provide sufficient power and vehicles to carry all goods which his invitation naturally brings to him.

Failure of a Trust Company.—The Merchants' Loan and Trust Company, of Paterson, N. J., suspended on July 9th, owing to financial embarrassments. Its capital was $200,000. The suspension is caused by business depression, injudicious purchases of paper and investments in real estate. The liabilities to depositors are $45,000, all secured. The stockholders will realize about fifty per cent. Application has been made by the directors for a receiver. The company was chartered about five years ago.

Ohio.—The cashier of the National Bank of Piqua, Robert B. Moores, five years ago sold $9,100 in stock of the bank, and filled up in favor of the purchaser, who was his sister, a certificate signed in blank by the President, but did not make a transfer on the books, nor report the transaction. In an action against the bank, a decision on demurrer just made in Cincinnati, holds the bank liable for this act of the cashier.

INSOLVENT BANKS.—An important case has recently been decided by the Supreme Court of Pennsylvania, which decides what obligations of a broken bank are to be receivable at par for debts due it. The State law requires that in case of an insolvent assignment by a State bank the assignee shall receive in payment of debts due the bank its own notes and obligations and the checks of its depositors at par. The Farmers and Mechanics' Bank of Shippensburg made such an assignment, and the assignees obtained judgment against a debtor in Franklin County for $2,607.72. He tendered in payment a draft drawn April 1, 1875, by the insolvent bank on the Union Banking Company in Philadelphia, in favor of the First National Bank of Shippensburgh, for $2,620.94. This draft had been protested for non-payment, and came into the hands of the debtor above referred to on October 25th, 1876, he having obtained it to endeavor to pay his debt with it. The assignees refused to accept it, and proceeded on their judgment, when a preliminary injunction was interposed by the debtor to prevent their proceeding with their judgment, and to compel acceptance of this draft at its face value. This injunction was tried by the court in Franklin County, which decided that this draft was not such an obligation as was included within the meaning of the State law, and the case being appealed to the Supreme Court, it has affirmed this decision and dissolved the injunction. The Court, in its opinion, announced by Chief Justice Agnew, says that the notes and obligations required to be received at par in payment of debts to an insolvent bank are "bills and obligations under seal and notes not under seal," it "being the policy of the State to secure payment of the circulation of the bank, and thus to protect her citizens against failures;" and that "this renders it certain that drafts, orders, contracts, and other debts, not falling within the description of the bills obligatory and notes mentioned, consequently are not to be accepted by the assignees in payment of debts at par. If they were, the course of disr tribution intended by the Legislature would fail eutirely, for any one mighpurchase the drafts or orders of a broken bank at any discount, and tendet them in payment to the assignees. This is not the true interpretation of the law."

NEGOTIABILITY OF NOTES STIPULATING FOR COLLECTION FEES.—The Supreme Court of Pennsylvania, in the case of *Woods* vs. *North*, decides that notes are not negotiable when containing a special obligation to pay five per cent. for cost of collection in cases of suit for the recovery of money. The Pittsburg *Commercial*, in its first notice of the decision, stated that it was estimated that several millions of such paper is held by bankers and business men in the interior and western counties of this State, and a large percentage of loss must be inevitable by the legal discharge of indorsers. But in a later issue the same paper corrects this estimate, and pronouncing it an exaggeration, says:

Well-posted bankers have been in the habit of regarding the status of these notes just as it is now established by the Supreme Court, and have provided against any injury to themselves which might have resulted from such a construction in several ways. One practice very generally adopted has been to make the indorser become a surety or guarantor in writing on the back of the note. Another was to execute a regular agreement in connection with the note, which under the old revenue laws was stamped separately from the note, and by which the indorser guaranteed the payment of the note, and a third was to refuse to purchase or discount any such paper whatever. There may be some paper of this class held by the country banks, but there is very little in this city, and the amount of money involved by this decision is inconsiderable.

THE SECRETARY OF THE TREASURY has authorized the Assistant Treasurer at New York to dispose of exchange on Chicago, Cincinnati and St. Louis for the relief of Western banks and business men who have funds in New York which are not available on account of the impossibility of transportation. Upon the receipt by the Treasurer of a certificate of deposit of funds in the New York office, a like amount will be ordered paid to the proper person by the Assistant Treasurer at either of the points first named, designated in the certificate.

ROBBERIES.—The safe of the People's Bank at Newport, Perry Co., Penna., when opened by the cashier on the morning of July 19th, was found to have been robbed of $ 5,000 in money, and $ 1,500 in bonds.

On July 19th, a package containing $ 17,000 worth of securities, was stolen from the First National Bank of Canandaigua, New York.

PRODUCTION OF SILVER.—It is stated that specimens of silver ore recently taken from the Cerro de Pasco silver mines in Peru, show that the submerged portion of the mountain is very rich, and a body of ore that will be exposed by the new tunnel which Henry Meigs is to build, is roughly estimated to be worth from $ 300,000,000 to $ 500,000,000. These mines have been under water for fifty years, and are scarcely known to the present generation, though they had been worked for 250 years, when the miners had to stop on account of the water. Peru has now discovered that a tunnel can be built which will drain the mountain completely, by draining off the lake from which the water in the mine comes. The work on this tunnel has been undertaken in such earnest that the first loads of the now submerged ore are expected to reach Lima in four months. It is predicted that within ten years more silver will be taken out than from the silver mines in Nevada.

OBITUARY.

ROBERT S. WOODARD, late Cashier of the First National Bank of Fayetteville, Tenn., who died on 14th May last, was born in January, 1821, in the same (Lincoln) county. For many years he was clerk of the Circuit Court, which position he filled in a most creditable and satisfactory manner. He was made Cashier of the bank on its organization in 1873, and held the place until his death. His many and responsible fiduciary positions were so filled as to win the unqualified approbation of those interested.

HENRY A. MILLS, Cashier of the First National Bank of Mount Carroll, Illinois, died in Galesburg, Ill., June 6th. He was born in Oneida County, New York, in 1827, and removed to Mount Carroll in 1856, establishing there a private banking business, which eventually became the First National Bank. In 1874, Mr. Mills was elected to the State Senate. He was placed on the Committee on Banks and Banking, and was noted among his colleagues for a thorough knowledge of the system of banking, as well as for his strict attention to duty, and unwavering integrity. Mr. Mills took an active interest in the cause of education, and everything tending to its support and management was heartily seconded by him.

PETER AMBOS, President of the First National Bank of Columbus, Ohio, who died on June 24th, had lived in that community for nearly half a century, and had been an active promoter of its prosperity. A meeting of the bankers of Columbus, which was held on June 25th, to pay respect to his memory, was attended by a representative of every bank and banking house in the city. Resolutions were adopted which bear testimony to the judgment, integrity, and enterprise of Mr. Ambos as a banker and citizen, and his liberality, kindness, and benevolence as a man.

BENJAMIN HOMANS, Sen., who has been for several years in charge of the business department of this office, died on July 15th, in his seventy-eighth year. Mr. Homans was formerly a resident of Washington City, where he was for many years in the Navy Department. He afterwards established the *Military and Naval Magazine*, which subsequently became the *Army and Navy Chronicle*. In 1848 he removed to Cincinnati, where he was, during its existence, Manager of the Redemption Agency of the State Bank of Ohio. Mr. Homans was a man of extensive information and tenacious memory. He was remarkably vigorous for his years, having been actively engaged in his daily duties up to within a few weeks of his decease.

PUBLIC DEBT OF THE UNITED STATES.

Recapitulation of the Official Statements—cents omitted.

Debt Bearing Interest in Coin.

	June 1, 1877.		July 2, 1877.
Bonds at six per cent.	$894,698,000	...	$854,621,850
Bonds at five per cent.	703,266,650	...	703,266,650
Bonds at four and a-half per cent.	95,000,000	...	140,000,000
	$1,692,964,650		$1,697,888,500

Debt Bearing Interest in Lawful Money.

Navy pension fund at three per cent.	$14,000,000	...	$14,000,000
Debt on which Interest has Ceased.	$14,894.300	...	$16,648,860

Debt Bearing no Interest.

Old demand and legal-tender notes	$360,477,642	...	359,828,294
Certificates of deposit	46,510,000	...	54,960,000
Fractional currency	21,206,930	...	20,403,137
Coin certificates	45,407,500	...	41,572,600
	$473,602,072	...	$476,764,031
Total debt	$2,195,461,022	...	$2,205,301,392
Interest	34,841,189	...	40,882,791
Total Debt, principal and interest	$2,230,302,212	...	$2,246,184,183

Cash in the Treasury.

Coin	$108,137,083	...	$115,122,473
Currency	4.515,515	...	7,980,274
Currency held for redemption of fractional currency	7,762,271	...	7,963,213
Special deposit held for redemption of certificates of deposit, as provided by law.	46,510,000	...	54,960,000
	$166,924,869	...	$186,025,960
Debt, less cash in the Treasury, June 1, 1877	$2,063,377,342	...	....
" " " July 2, 1877	....	...	$2,060,158,223
Decrease of debt during the past month	$6,981,274	...	$3,219,119
Decrease of debt since June 30, 1876	36,062,002	...	39,281,121

Bonds issued to the Pacific Railway Companies, Interest Payable in Lawful Money.

Principal outstanding	$64,623.512	...	$64,623.512
Interest accrued and not yet paid	1,615.587	...	1,938,705
Interest paid by the United States	34,018,923	...	34,018,923
Interest repaid by transportation of mails, &c.	8,455,525	...	8,514,489
Balance of interest paid by the U. S.	$25,563,397	...	$25,504,433

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from July No., page 75.)

State.	*Place and Capital.*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
IND....	Wabash.......	Wabash County Bank.....	National Park Bank.
		J. W. Busick, *Pr.*	J. I. Robertson, *Cas.*
IOWA...	Decorah.......	John Bradish & Co........	(*Collections.*)
" ..	Hamburg......	First National Bank.......	....
	$ 50,000	Joel N. Cornish, *Pr.*	....
KANS...	Galena........	Merchants & Miners' Bank.	Donnell, Lawson & Co.
		James Arthur, *Pr.*	O. S. Street, *Cas.*
MICH...	Detroit........	Merch. & Manuf. Nat. B'k.	Merchants' National Bank.
	$ 300,000	Thos. H. Hinchman, *Pr.*	Fredk. W. Hayes, *Cas.*
" ..	Grass Lake....	Pratt & Burchard..........	Imp. & Traders' Nat. Bank.
" ..	Ithaca.........	Church, Bills & Co........	Ninth National Bank.
" ..	Palo..........	M. Millard................	Metropolitan National Bank.
MO.....	New London ..	Ralls County Bank........	National Park Bank.
		George E. Frazer, *Pr.*	O. K. Caldwell, *Cas.*
N. Y....	Naples........	Beers & Munsell..........	National Park Bank.
" ..	Niagara Falls..	The Cataract Bank........	White, Morris & Co.
	$ 50,000	Stoughton Pettebone, *Pr.*	F. R. Delano, *Cas.*
" ..	Penn Yan......	Sheppard & Co...........	O. M. Bogart & Co.
OHIO...	Lebanon.......	Lebanon Branch of........	National Park Bank.
		Waynesville Nat. B'k.	Thomas Hardy, *Manager.*
" ..	West Salem....	Jacob Leatherman........	Third National Bank.
PENN...	Quakertown....	Quakertown National Bank.	....
	$ 100,000	Joseph Thomas, *Pr.*	Charles C. Haring, Jr., *Cas.*
TENN...	Chattanooga...	Mech. & Traders' Bank....	Imp. & Traders' Nat. Bank.
		J. C. Vance, *Pr.*	C. T. Wilson, *Cas.*
QUE....	Montreal.......	Warner & Lowndes.......	National Park Bank.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

Authorized to July 21, 1877.

No.	*Name and Place.*	*President and Cashier.*	*Capital. Authorized.*	*Capital. Paid.*
2364	First National Bank...........	Joel N. Cornish..........	$ 50,000	
	Hamburg, IOWA.	....		$ 50,000
2365	Merch. & Manufacturers' Nat. B.	T. H. Hinchman.........	300,000	
	Detroit, MICH.	Frederick W. Hayes.		300,000
2366	Quakertown National Bank....	Joseph Thomas..........	100,000	
	Quakertown, PENN.	Charles C. Haring, Jr.		100,000

BRANCH NATIONAL BANK.—The Waynesville National Bank of Waynesville, Warren County, has opened an office at Lebanon, in the same county, in the place formerly occupied by Boake and Hunt. Mr. Thomas Hardy, assistant cashier, is the Manager. This is, we believe, the first instance on record of the establishment of a branch by any National Bank.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from July No., page 74.)

	Name of Bank.	*Elected.*	*In place of*
N. Y. CITY.	Continental National Bank	Edmund D. Randolph, *Pr.*	C. Bard.
"	Irving National Bank......	John L. Jewett, *Pr.*......	I. Odell.
"	" "	George E. Souper, *Cas.*..	J. L. Jewett.
"	Mercantile National Bank..	Isaac Odell, *Pr.*.........	N. White.
IND.....	First National Bank, Danville..	John V. Hadley, *Pr.*.....	J. R. Cope.
KANSAS.	Citizens' Bank, North Topeka..	Oliver Kinsey, *Pr.*.......	J. M. Davies.
KY.....	Bank of Maysville,† Maysville..	J. Barbour, *Pr.*..........	A. M. January.*
" ..	" "	J. F. Barbour, *Cas.*......	J. Barbour.
MASS...	First Nat. B'k, Ashburnham...	George C. Winchester, *Pr.*	J. L. Cummings.
" ..	" Fall River	Hezekiah A. Brayton, *Cas.*	C. A. Bassett.
" ..	Fall River Sav. B'k, Fall River.	Charles A. Bassett, *Tr.*...	J. F. Lindsay.
" ..	South Danvers N. B., Peabody.	Edward W. Jacobs, *Pr.*..	E. T. Osborn.*
" ..	Plymouth Five Cent. Sav. B'k..	William R. Drew, *Pr.*...	L. Lovell.
MICH...	Citizens' National Bank, Flint.	Alexander McFarlan, *Pr.*	W. Hamilton.
" ..	Lumberman's State Bank, Whitehall	I. M. Weston, *Cas.*......	F. Blackmarr.
NEB....	Lancaster Co. Bank, Lincoln...	W. J. Lamb, *Pr.*.........	A. J. Cropsey.
MO.....	Second National B'k, St. Louis.	G. L. Joy, *Vice-Pr.*......	E. D. Jones.
" ..	Union Savings Asso., "	Adolph Herthel, *Cas.*....	J. E. Love.
N. Y...	First National B'k, Champlain.	Rufus Heaton, *Pr.*.......	T. Hoyle.
OHIO...	First National Bank, Columbus	William Monypeny, *Pr.*..	P. Ambos.*
" ..	Lebanon Nat. Bank, Lebanon..	John M. Hayner, *Pr.*.....	L. F. S. Rue.
" ..	First National Bank, Norwalk	Daniel F. Baker, *Pr.*.....	W. F. Kittredge.*
		J. C. Curtiss, Jr., *Cas.* ..	D. F. Baker.
S. C....	Winnsboro Nat. B., Winnsboro	T. K. Elliott, *Cas.*.......	S. B. Clowney.
VT.....	National Bank of Barre.......	E. D. Blackwell, *Cas.*....	C. A. King.
" ..	First Nat. Bank, Bennington...	George F. Graves, *Cas.*...	E. A. Cobb.

* Deceased. † *Not* Michigan, as printed last month.

THE PREMIUM ON GOLD AT NEW YORK.

JUNE—JULY, 1877.

1876.	*Lowest.*	*Highest.*	1877.	*Lowest.*	*Highest.*	1877.	*Lowest.*	*Highest.*
August	12¾	14¾	June 27	5	5⅛	June 11	5⅜	5⅜
September ...	13¾	17¼	28	5⅛	5¼	12	5¼	5⅜
October.......	14½	17⅝	29	5⅛	5¼	13	5¼	5⅜
November....	14⅛	16⅜	30	5¼	5⅜	14	5¼	5⅜
December ...	12⅝	15¼	July 2	5¼	5½	16	5⅜	5½
1877.			3	5¼	5⅜	17	5½	5¾
January	5¼	7⅛	4	Holiday		18	5½	5⅝
February	4⅝	6	5	5¼	5¼	19	5⅛	5½
March..........	4½	5⅜	6	5¼	5¼	20	5⅛	5⅜
April..........	4¾	7⅞	7	5¼	5⅜	21	5¼	5½
May............	5⅝	7⅜	9	5⅜	5⅜	23	5½	6⅛
June...........	4¾	6⅜	10	5⅜	5⅜	24	5¾	5⅞

DISSOLVED OR DISCONTINUED.

(Monthly List, continued from July No., page 76.)

N. Y. CITY. Clinton Savings Bank; receiver applied for.
" . Dry Goods Bank; voluntary liquidation.
" . Yorkville Savings Bank; closed by Bank Examiner.

ARK.... B. Beauchamp, *Arkadelphia;* closed banking business.

IND. ... First National Bank, *Delphi;* closed by National Bank Examiner.

IOWA... State Bank, (F. R. West & Sons) *Des Moines;* suspended.

MO..... Bank of St. Louis, *St. Louis;* suspended.
" .. Bremen Savings Bank, *St. Louis;* suspended.
" .. Butchers & Drovers' Bank, *St. Louis;* suspended.
" .. German Bank, *St. Louis;* voluntary liquidation.
" .. North St. Louis Savings Association, *St. Louis;* suspended.
" .. Bank of Pike County, *Louisiana;* suspended.
" .. Washington Savings Bank, *Washington;* suspended.

N. J.... Merchants Loan & Trust Company, *Paterson;* failed.

OHIO... Brubaker & McMorran, *St. Paris;* in liquidation.

PENN... First National Bank, *Ashland;* voluntary liquidation.
" .. Exchange Bank, *Titusville;* failed.

WIS.... Miller & Westfall, *Prescott;* failed. Succeeded by H. S. Miller.

QUE.... Metropolitan Bank, *Montreal;* in liquidation.

RECENT CHANGES OF TITLE, ETC.

(Monthly List; continued from July No., page 76.)

N. Y. CITY. Leavitt & Lawson; now Leavitt & Hunter.

ARK.... Sumpter & Smith, *Hot Springs;* now Sumpter, Latta & Co. G. G. Latta, *Cas.*

ILL..... Germania B'k, (Erlenborn & Goedtner) *Mendota;* now Madden & Goedtner.

IOWA... McHenry Bros' Bank, *Denison;* Morris McHenry retires. W. A. McHenry continues under same title.
" .. Farmers & Merchants' Bank, *Shenandoah;* now First National Bank.

KANSAS. B. F. Hobart, *Oswego;* now Hobart & Condon.

MICH... Merchants & Manufacturers' Bank, *Detroit;* now Merchants & Manufacturers' National Bank. Same officers and capital.
" .. C. S. Gregory, *Dexter;* now C. S. Gregory & Son.
" .. Crossman & Whipple, *Williamstown;* now D. L. Crossman.

MINN... Bank of St. Charles, *St. Charles;* now owned by J. C. Woodard.

MO..... Avery & Woolfolk, *Moberly;* now Avery, Woolfolk & Co.

NEB.... Lancaster County Bank, *Lincoln;* now an incorporated Bank.

N. Y... Barker & Grant, *Clayton;* now B'k of Clayton. N. Y. Corr.: Nat. Park B'k.
" .. F. R. Delano & Co., *Niagara Falls;* now Cataract Bank. F. R. Delano, *Cas.*

OHIO... Hines, Taylor & Co., *Columbus;* now Brooks, Butler & Co.
" .. Commercial Bank of Delphos, *Delphos;* now chartered as Commercial Bank. Same officers.
" .. First National Bank, *Napoleon;* now E. S. Blair & Co.
" .. Western Reserve Bank, *West Salem;* succeeded by Jacob Leatherman.

TEXAS.. Gaston & Thomas, *Dallas;* now Exchange Bank.
" .. John Twohig & Co., *San Antonio;* now John Twohig.

NOTES ON THE MONEY MARKET.

NEW YORK, JULY 23, 1877.

Exchange on London at sixty days' sight, 4.86¾ a 4.87 in gold.

Some perplexity has been developed by the extensive progress of the strikes upon the railroads. Three distinct movements appear to be starting in the money market in consequence of these deplorable troubles. The first movement arises out of the fact, which is well known, that the Baltimore & Ohio, the Pennsylvania, and other railroads, have been carrying a large amount of floating debt, which has been held in the banks, and has caused, heretofore, little or no embarrassment because of the general and long continued ease in the money market. As this railroad paper matures, (and large sums are said to become due at an early date,) the banks, it is supposed, will not be so able to renew it as they would have been had the strikes not occurred. Secondly, the heavy losses, which the strikes will inflict upon the railroad companies, must of course be paid eventually by the State governments, but much delay in the recovery of these sums will inevitably occur, and meanwhile, the credit of the roads, and the price of their stocks in the market, can scarcely fail to suffer. For the disposition to sell such securities will be stimulated, while the desire to buy them will be checked. Hence, considerable amounts of railroad securities will be, in all probability, pressed upon the market, and if the bears choose to make a raid in Wall street, they have some of the efficient conditions for such a movement ready to their hands. Thirdly, the price of gold is not unlikely to suffer some changes, if the insurrectionary movements are not soon suppressed. Indeed, gold has advanced to 106, as will be seen from our detailed statement below.

The course of the money market has been comparatively quiet during the month. One of the most noteworthy events has been the closing of the four-per-cent. Government loan, on Monday last. The success of this negotiation reflects much credit on those members of the Syndicate, who have been most active in it. The amount, though small, surpasses the expectations of the most sanguine financial observers who expressed their opinions beforehand. In this country the subscriptions were about sixty-six millions, of which sixty millions

were subscribed through the Syndicate. The subjoined list shows the respective amounts of the four-per-cent. bonds, which were ordered by investors through the Syndicate, and through the respective Sub-Treasuries:

Washington	$659,500	St. Louis	$137,350
New York	2,591,000	Chicago	391,050
Philadelphia	145,650	New Orleans	205,600
Baltimore	120,950	Cincinnati	929,800
Boston	738,000	San Francisco	63,000
Total subscribed at the Sub-Treasuries			$5,982,500
Total subscribed through the Syndicate			60,000,000
Grand total			$65,982,500

Discounts remain without much change, though during the last week some circumstances have begun to attract notice which seem to indicate an advance in the early future. The banks and trust companies are marking up their rates quietly, and the Western banks have been drawing down their balances and asking re-discounts. These movements are only in their incipient stages as yet, but they tend to diminish the amount of loanable capital offering, and induce our banks to discriminate against such commercial paper as is not strictly of the first class, and of short date. Endorsed dry goods bills, at sixty to ninety days, pass at four and a half per cent. Four months acceptances are quoted at four and a half and five, and good single names, having four to six months to run, at seven to eight per cent. Grocery paper passes at four to five per cent. for sixty days, and four and a half to five and a half for four months acceptances. Double-named gold paper is quoted at four to four and a half for notes at sixty days, and four to five for notes at four months. The accumulation of deposits and greenbacks in our city banks continues, but it is not so rapid, as will be seen from the statistics. The Clearing-House statements of the New York banks compare as follows:

1877.	*Loans.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Deposits.*	*Excess of Reserve.*
June 30	$251,655,600	$17,453,000	$60,359,500	$15,643,200	$226,488,200	$21,190,450
July 7	253,323,800	21,259,300	58,447,000	15,558,100	231,228,600	21,899,150
" 14	252,452,700	18,887,800	58,809,200	15,668,400	229,088,300	20,424,925
" 21	250,932,200	14,979,800	57,499,700	15,546,400	222,813,600	16,776,100

The Clearing-House exhibit of the Boston banks for the past month is as below:

1877.	*Loans.*	*Specie*	*Legal Tenders.*	*Deposits.*	*Circulation.*
June 30	$131,088,200	$1,994,200	$7,128,200	$75,499,100	$23,104,300
July 7	131,850,000	2,429,500	6,316,700	76,701,600	23,672,100
" 14	132,442,200	2,338,700	5,718,700	75,154,000	23,103,800
" 21	131,378,800	1,947,700	5,725,300	72,963,000	23,502,200

The Philadelphia bank statements for the same time are as follows:

1877.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
June 30	$62,868,717	$1,449,278	$19,596,629	$57,867,917	$10,444,316
July 7	63,244,399	1,501,319	19,086,133	57,440,010	10,465,728
" 14	63,962,080	1,443,187	18,705,003	58,061,360	10,455,[illegible]
" 21	63,521,003	1,320,027	17,734,282	56,452,197	10,414

The Stock Market during the month has been dull and without any important movements. Governments are steady, State bonds rather firmer, and railroad bonds quiet. In railroad shares little is doing. Since the announcement of the success of the new loan, foreign exchange is lower. Sixty-days bankers' sterling sold as low as 4.84½, and demand at 4.86½. The low rates

stimulated the demand, and on a fair business the quotations advanced to 4.85½ and 4.87, closing firm. Subjoined are our usual quotations:

QUOTATIONS:	*June* 26.	*July* 2.	*July* 9.	*July* 16.	*July* 23.
Gold	105⅛	105⅜	105⅜	105½	105⅝
U. S. 5-20s, 1867 Coup.	112½	109⅜	109⅜	108⅞	108¾
U. S. new 10-40s Coup	112⅝	113	113¼	113	112¾
West. Union Tel. Co.	57	58⅛	59¾	61¾	61¾
N. Y. C. & Hudson R.	88⅞	91½	94¼	93½	91⅝
Lake Shore	47½	48	51⅛	49⅜	48
Chicago & Rock Island	91½	91¼	94¼	93½	93⅛
New Jersey Central	6⅝	7⅜	9	9⅝	10¼
Del. Lack. & West	33⅛	37⅛	40¼	40	39½
Delaware & Hudson	29½	34¾	38	35¼	35½
North Western	20¼	20	21½	21	20¾
Pacific Mail	19¼	19⅜	20⅝	20⅜	19⅜
Erie	5⅞	6¼	6⅝	8½	7¼
Call Loans	1 @ 3	2 @ 3	2 @ 4	1½ @ 4	2 @ 4½
Discounts	3 @ 5	3 @ 5	3½ @ 5	3½ @ 5	4½ @ 5
Bills on London	4.88-4.90½	4.88-4.90½	4.87½-4.90	4.86½-4.88½	4.85½-4.86¾
Treasury balances, cur.	$49,026,195	$49,681,717	$48,230,003	$49,892,882	$49,117,099
Do. do. gold.	$86,154,027	$83,613,319	$81,681,552	$83,265,577	$83,614,801

The failures of the banks of St. Louis, elsewhere reported, seem to have been anticipated there, for no apprehension or monetary excitement has attended them, even in the neighborhood where they occurred. Among the causes of these failures, the most prominent are the great shrinkage in values, the decline in business, and the large amount of past losses which have been carried for several years, until they became too burdensome to be longer controlled.

Some of the larger savings banks have announced a reduction in their mortgage rates of interest. Heretofore seven per cent. has been the current rate paid in this city on mortgages of real estate. Most of the transactions of recent years have indeed often cost the borrowers considerably more by the addition of various sums for commissions, costs, and other expenses. Such, however, is the accumulation of idle capital, and the consequent reduction in the rates of interest, that the terms of mortgages must inevitably sympathize with the general depression. Loans on real estate have always been extremely attractive to a large class of investors. Hence, it is not strange to find that many of the seven per cent. old mortgages have been paid off and replaced by mortgages at six per cent. In France six per cent. is the rate of interest on mortgage loans, and in England, five per cent. or even less. Many persons have thought that a permanent depression of the rates of interest in this country may be expected on loans upon such undoubted security as productive real estate offers. Whether this anticipation will be realized before many years have elapsed, depends upon contingencies which it is almost impossible to foresee. Throughout the commercial world capital has been increasing during the last twenty-five years, with a rapidity never known before. The avenues for the use and absorption of that capital have also multiplied with equal or greater rapidity. The panic of 1873 suddenly stopped this two-fold extension, and checked on one hand the excessive rapidity with which capital was augmenting, and on the other hand the morbid multiplication of the avenues for the use of capital. The result has been that a vast multitude of the most lucrative investments have been sud-

denly taken away and placed beyond the field of the ordinary capitalist. He, in turn, has been so accustomed to high rates of interest, that it is with difficulty he can be made to accept the situation. Hence, capital, as has been said, is "on strike." It refuses to lend itself on the terms offered for mercantile investments, and the money market has thus become plethoric with a mass of capital which refuses its old channels, and is willing to lend itself on call at nominal rates where it can be controlled or recalled at short notice. While this course is followed by a portion of the idle capital which is awaiting investment, another part of no inconsiderable magnitude is leaving mercantile investments altogether, and, as we have said, it is seeking an outlet in loans upon real estate. Whether this influx of capital into real estate mortgage loans is likely to give permanency to the depression in the rate of interest on such investments is a question which there are not sufficient data for answering at present.

The Government of British Columbia is negotiating in London a six-per-cent. loan at par for $750,000. The bonds are to run thirty years, and by that time the expectation is to have them all redeemed through the operation of a two-per-cent. sinking fund, annually invested, with its accumulating interest. The loan is to be a first charge on the revenues, which amount to $390,000 annually. It is negotiated in order to pay off floating debt, and will be the only public debt of the colony, all the older obligations of British Columbia having been assumed by the Dominion of Canada.

The exports of produce from the port of New York for the week were $6,121,505, against $5,793,266 for the corresponding week in 1876, and $4,790,941 in 1875. The total exports of produce from the port since January 1, this year, were $152,533,091, against $147,682,299 for the corresponding period in 1876 and $144,952,317 in 1875.

DEATHS.

At COLUMBUS, OHIO, on Sunday, June 24th, aged sixty-two years, PETER AMBOS, President of the First National Bank of Columbus.

At GALESBURG, ILL., on Wednesday, June 6th, aged fifty years, HON. HENRY A. MILLS, Cashier of the First National Bank of Mt. Carroll, from its organization.

At FAYETTEVILLE, TENN., on Monday, May 14th, aged fifty-six years, ROBERT S. WOODWARD, Cashier of the First National Bank of Fayetteville.

At BOSTON, MASS., on Friday, June 1st, aged sixty-nine years, EBEN T. OSBORN, President of the South Danvers National Bank of Peabody, Mass.

At PHILADELPHIA, on Monday, July 2d, aged sixty-two years, JOSEPH G. MITCHELL, formerly President of the Mechanics' National Bank of Philadelphia.

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OUR NATIONAL CREDIT AND THE STRIKES.

Many persons have doubted whether our National credit will not be injured abroad by the railroad strikes of last month. But a careful reflection will serve to show how little reason there is to doubt that our credit will be enhanced rather than weakened by the new and gratifying illustration that has been given of the reparative strength and elasticity of popular institutions. For the first time in our national history, one of the vital functions of our industrial system has been paralyzed, and the whole of the productive mechanism throughout the country has been thrown into disorder by a labor strike upon the railroads. A few thousands of the brakemen and other skilled and unskilled operatives engaged in running the trains, combined together and seized temporary possession of important links in the railroad network, so as to stop transportation, throw our internal commerce into confusion, inflict great losses upon industry, and put, for the time, a veto upon the free locomotive activities of over forty millions of people. In Pittsburgh, Chicago, and other places, violence and bloodshed lent new horrors to this insurrection which sprung up with like frightful features in very distant localities, and reared its head in defiance of law and order, at the same moment in Pennsylvania and Illinois, in Maryland and Virginia, in New York and other States. On the 23d July, the proclamation of the President was issued, warning "all persons engaged in or connected with the said domestic violence and obstruction of the laws, to disperse and retire peaceably to their respective

abodes on or before twelve o'clock noon of the 24th day of July instant." The situation was rendered apparently more critical by the fact that the regular army is so small that except at one or two of the threatened centres of trouble, it could not be used with much effect for the suppression of the lawless outbreak, or of the riots and incendiary conflagrations to which it led. Everywhere in our large cities the most ominous forebodings of danger were occasionally heard, and the partial suspension of business, gave both the leisure and the motives to augment the gloom and general apprehension. For a few days, the cloud portending the storm was very small and scarcely perceptible, but it suddenly spread till it covered the whole of our horizon, and seemed just ready to break in a general tempest of popular insurrection.

But as the gloom spread suddenly, so it suddenly dispersed. In less than a week after the proclamation was issued, the industrial situation began rapidly to assume its usual aspects of activity and restored locomotion. The military arm scarcely had to be more than raised. The disastrous use of force is seldom necessary to awaken the dormant love of order inherent in every class of American citizens. The demonstrations of resistless power on the part of the Government, which, in other countries have always been supposed indispensable to restore tranquility in such cases, were scarcely called for amongst us, unless in a few exceptional instances, and perhaps even there we should have had better results if the authorities had been equal to the occasion, and had firmly vindicated the majesty of the law at the first tremulous movements of the outbreak.

We have no need to investigate the narrow field in which lie the immediate causes of the recent quarrel between the railroads and their revolting brakemen. This part of the controversy is one which must be left to be settled by the parties interested in it. But every railway traveller knows that the services required of a brakeman demand but little skill or training, and the qualities needful for the efficient discharge of his duties are very generally distributed among the unskilled classes of our laborers. Hence, these men should not be surprised to find that for every vacancy in their ranks there will be, in times like the present, several applicants. In many ages and countries, under such circumstances as these, men have tried to keep up, by strikes and other artificial means, the price of labor. They have never succeeded, and, in the nature of things, it is impossible they ever should succeed. The only way to raise the price of such work as the strikers are able to do, is to increase the demand for that work, and this increase is checked and hindered by strikes, and by every other movement in the country which shakes confidence and disturbs the course of business. It is one of the compensative results of the late strike, that it has

shown to our workingmen throughout the country, how close is the union of interest between the various orders and classes of the people, and how swiftly labor strikes and their consequences recoil upon the authors of them—the wages classes of the community, who, in the vain hope to mollify some present trouble do that which makes the trouble worse.

We often repeat the maxim that education is one of the safeguards of our free institutions, and now we have before us a conspicuous proof of its truth. There is no doubt that to a great extent it was the educated intelligence, and the practised understanding of the strikers upon the railroads east and west, which made them so soon recognize the false position in which they had placed themselves, and which enabled them to extemporize so swiftly the means of their extrication. Before they could have been overpowered by the resistless force which was ready to meet them, many calamities must have supervened, and the losses which would have multiplied upon the country in its financial, commercial, and industrial life, must have been enormous. All these losses have been prevented by the returning good sense and innate love of order which the strikers, as American citizens, must be presumed to have been familiar with from their earliest years.

It is this intelligence, this love of order, this respect for law, this habitual self-control, pervading the subordinate as well as the other strata of society in this country, which constitute an important part of what is generally known as the recuperative energy of the nation. For they keep alive the restless spirit of invention and ingenuity, and the love of enterprise, activity and progress, which are well known to be among the most prominent characteristics of our people, and the most effective elements of our National wealth and productive power. Enforced idleness, it has been said, was so disagreeable to the strikers in the late quarrel, that from this cause alone their masses could not hold together, and the best men were the quickest in their resolves to return to duty and to work. Of course it is impossible to foresee with accuracy, how long, among the benighted miners of Pennsylvania, the incendiary elements will continue in the ascendant; but there, as elsewhere, the conservative forces of which we have spoken are acting with more or less of freedom, and their victorious results in the establishment of order and the protection of honest industry cannot be very long deferred. When the history of this latest phase of the labor conflict comes to be written, we shall perhaps see that the dangers which threatened were more formidable, and the incendiary forces around us much better organized than we now know; but even if this should be the case, it will but enhance and exalt the estimate which will be formed of the conservative vitality of those reparative forces which

constitute our hope for the future of the United States as they have ever been the supports and buttresses of its credit in the past. If then our foreign credit rests upon the proofs of our National stability and recuperative strength, it cannot but have been improved by the strikes, because they have placed this stability and strength in a new and conspicuous light before the world.

WHAT BANK TAXES SHOULD BE REPEALED, AND WHY?

BY DR. GEORGE MARSLAND.

Last February a distinguished member of the Committee of Ways and Means received from one of his constituents a letter urging the immediate removal of certain mischievous Federal taxes on the banks. The reasons assigned were that the taxes in question were very injurious to business; that they were war taxes, and should have been taken off on the restoration of peace, and that the government could spare the needful sum from the National Treasury. To this application a letter was received, which stated the views of the Honorable gentleman as follows: "I have your letter in relation to bank taxes, which you call 'war taxes.' Many tariff taxes are higher now than they were during the war. All internal revenue taxes are war taxes. I have no doubt bank taxes are burdensome, so are all other taxes. In my judgment there are many other taxes more burdensome upon the interest taxed than those levied upon banks. For myself, I do not well see how or why special relief should be afforded to this interest to the exclusion of others." If such sentiments and opinions are held by an eminent member of the most important committee of the House of Representatives, we cannot wonder that men of less experience fall into similar mistakes as to the evils of bank taxation, and as to the imperative need for its readjustment and partial repeal. To correct some of the prevalent mistakes and prejudices, we propose to give a brief account of the taxes which the banks desire Congress to repeal, and of the reasons why relief is asked for.

In the first place, the banks do not desire the repeal of the State taxes. They do hope that the irregularity and unequal pressure of the fiscal burdens imposed by the States will be corrected; but it is no part of the present demand of the banks to obtain relief by any sweeping changes in the rate of State taxation. The reasons are obvious. Our State taxation is of two kinds: that levied upon real estate, and that levied upon personal property. So far as the banks own real

estate, they are assessed with other property owners in the various States; while their shares are scheduled and assessed with other personal property. With the exception of some minor points in regard to the interpretation of the law authorizing the States to levy taxes upon the National banks, there is, we believe, no reform in regard to this branch of bank taxation at present solicited by the banks. The precise nature of the changes which they desire will be referred to hereafter.

With regard to the other branch of the bank taxes, those levied by the National Government, they are of three kinds: First, there is a tax on the bank capital; this amounts to one-half per cent. upon the aggregate capital, less the amount invested in Government bonds. Secondly, there is a tax of one-half per cent. upon deposits. The third tax is levied upon the circulation of the National banks, and amounts to one per cent. Of these three taxes, the first two press equally upon the National banks, the State banks, and the private bankers; while the third is, of course, confined to the banks which issue notes under the National currency law. In this essay we shall chiefly confine our attention to the two general taxes which press equally upon our whole banking system. It may, however, be of use to show the amount collected from each of the three taxes during the course of last year. The aggregate is reported as follows, by the Treasury Department at Washington:

TAXES PAID DURING THE FISCAL YEAR 1876.

	Number.	*On Circulation.*	*On Deposits.*	*On Capital.*
National Banks..........	2,087	$3,091,795 76	$3,505,129 64	$632,396 16
State Banks and Private Banks and Bankers...	3,829	10,265 52	2,572,164 97	989,219 61
Savings Banks having no Capital Stock........	691	——	427,365 78	——
Total..................	6,607	$3,102,061 28	$6,504,660 39	$1,621,615 77

It will be seen that the tax on deposits is the most oppressive. Its amount is more than four times that of the tax on capital, and the evils of this fiscal burden must have been peculiarly severe during the last two years. It is a singular fact, well worthy of note, that in no other country than our own has a tax ever been levied upon bank deposits. Exhausting as have been the demands upon European nations imposed by bad systems of taxation, the tax on deposits has never been ventured upon, and we may safely assume that it never will be. In Europe, during the last sixty years, the ingenuity of statesmen and finance ministers has been strained to the utmost, to devise safe and productive methods of taxation. But the tax on bank deposits has scarcely for a moment been considered or suggested. In France, since the payment of the German indemnity, a multi-

tude of new taxes have been invented, and some of the old taxes have been increased, but a tax on bank deposits was never, we believe, proposed. At least if it were at any time suggested, it must have been immediately rejected for its mischievous absurdity, as no public record can be found of any serious attempt to impose it. If we examine the fiscal history of other countries we shall find the same exemption everywhere in regard to bank deposits. In no country but the United States has any attempt ever been made to impose a tax upon the money of depositors in the banks.

For this general exemption there must be some valid reasons, and these reasons are not far to seek. Bank deposits are of a very sensitive nature. They are in part made up of the accretions of small sums of spare money, which find their way from the pockets of frugal persons into the Savings banks, and other banking institutions all over the country. In part they consist of the surplus floating funds of merchants, manufacturers, and other industrial firms; funds which await in bank the exigencies for which they have been accumulated, such as the making of a purchase, the completing of an investment, or the payment of wages, of rent, or of some maturing debt. These floating funds are placed in the bank for safe keeping, and the experience of the banker tells him what proportion of such temporary floating deposits he may safely lend in aid of business and commerce. It is well known that the amazing growth of productive power during the last half century is due, in a large extent, to the rapid growth of bank deposits. These fertilizing streams of capital, accumulated in our banks, have been compared to the irrigating machinery which is erected and kept in operation in some parts of India. By these ingenious expedients, water is collected during the rainy season, and is carried by numerous conduits into a reservoir or tank, whence it can be drawn at will, as required. Our banking system is, as it were, a reservoir, which collects the scattered rills of capital all over the country, stores them up, utilizes them, and makes them available wherever they may be wanted for the support of industry and the increase of the national wealth. But these processes of accumulating and storing up capital are, as we have said, extremely sensitive, and in proportion to their importance in the industrial economy of the nation, is the necessity for shielding them from all governmental interference, or fiscal obstructions. The circulation of capital in the industrial system of a country, is like the circulation of blood in the human body. If it is impeded mischief cannot fail to result.

In view of these principles it is easy to see why other countries have not imposed taxes on bank deposits. A long experience told them that such taxes obstruct or stop the circulation of capital, and that any obstruction injures,

not only the banks, but the whole country. Such a tax is like the Alcavala by which Spain, when in the height of her industrial power and political ascendancy, tried to raise a revenue from her flourishing manufactories at every exchange. As has been well said; "The tax-gatherer presented his desolating hand and assessed the Alcavala. Consequently, at every new movement of commerce or trade wherever the same goods changed owners the tax had to be paid, and the consequence was that many of the most active branches of commerce were taxed ten or a dozen times over. Thus, this insatiable Alcavala gradually strangled the manufacturers, and paralyzed the productive energies of commerce, so that they did not revive again for centuries. The Alcavala was a *tourniquet* applied to the productive interests of Spain, just as the bank tax is now a *tourniquet* applied to the commercial and productive interests of the United States."

But how, it may be asked, did these bank deposits first receive the mischievous burdens of taxation which the banks now desire removed, and why has not relief been applied for years ago? The answer is very simple. These taxes owe their origin to the war. They were imposed by the Act of March third, 1863, and increased June 30th, 1864. The first money received into the Treasury from this source, was reported October, 1863, when the internal revenue taxes were still new, and had yielded no more in the aggregate than seventy-five millions of dollars, though the pressure upon the Treasury was at its height. The tax system of which we are speaking was one of the most monstrous fiscal instruments that was ever created. It demanded contributions from almost every industrial pursuit. It taxed manufactures of every description, and it also taxed the net income derived by our citizens from their labor. It taxed auction sales, the slaughtering of cattle, the watch in a man's pocket, the carriage in his stable, and the silver plate on his table. It put a "stamp-duty on the marriage certificate of one's parents, the inheritance he received from them, the insurance policy on his life, the mortgage on his house, the protest on his note, the writ under which he asked for justice, and the certificate of his physician as to the cause of his death."

It was impossible that any country should long preserve its industry and commerce under the pressure of such severe taxation as this. Accordingly, says Mr. E. A. Rollins, formerly Commissioner of Internal Revenue: "In the winter of 1865, the war being over, Congress began to consider the reduction of internal taxes generally. At this time they had reached the enormous amount of $310,000,000 per annum. This at first it accomplished by enlarging the free-list of manufactured articles, as representations and appeals were made to them until the enumeration of exemptions filled half a dozen pages of the law. Then and at subsequent

sessions relief was granted to insurance companies, railroads, telegraph companies, occupations, professions, etc.; until, at last, taxes to the amount of two hundred million dollars were swept away. Parties in interest came in crowds from session to session, and the rooms of the Ways and Means and Finance Committees were crowded with those who sought and secured relief. The banks, however, had no organization, and as they failed to make request therefor, the law in their behalf remained unchanged. It is safe to assume that had their necessities been made known their taxes would have been abated, if not abolished. It is monstrous that this nation imposes the same taxes on banks now as in time of war."

Such is a brief sketch of the circumstances under which the war tax on bank deposits was first imposed. It had its origin at a time when the whole fiscal strength of the country was put to its utmost strain. It is, however, worthy of notice that the bank taxes were not imposed in the first internal revenue bill which became a law 1st July, 1862. The bank deposits and circulation were not taxed until the Act of March 3d, 1863, and bank capital was first taxed in the Act of 30th June, 1864. By this latter Act the rate upon deposits was increased, and since that time these taxes have undergone no further change. Now, what it is important to notice is that just before the taxation of bank deposits, the first National Bank Act was passed. This Act was dated February 25th, 1863, and to it was indirectly due the first bank taxation that was ever levied by the National Government in this country. It was then supposed that the new National banks authorized in that Statute could not be taxed by the State governments. Many years before, in the case of *McCulloch* vs. *The State of Maryland*, Chief Justice Marshall had denied the right of State government to tax the old United States Bank, or its branches, and the belief was that the new National banks created under the law of February, 1863, would be similarly exempted. Hence, Congress determined to take into its own hands the taxation of the National banks, and to put the amount levied and collected from these institutions into the National Treasury. The rate of taxation was so adjusted that it should bring in as much in proportion as the States had been levying upon the banking business for State purposes. Had this policy been carried out to the present time, the banks would not have had so much occasion to complain. There would have been for tax purposes two great divisions or classes of banks: first, the National banks, which would have paid every year a certain amount of taxation into the National Treasury; and secondly, the rest of the banks throughout the country which would have paid nearly a similar rate of taxation to the governments of the respective States. The

taxes would have been somewhat equitably and fairly dis-distributed; and there would have been no double taxation, such as is now complained of.

Without spending further time in these historical investigations, we must at once proceed to answer the question, "What bank taxes should be repealed?" And it is evident that we should, first of all, concede the repeal of the taxation on bank deposits. During the year 1876, the amount of revenue collected from this source was six millions and a half. Every dollar of this sum was derived from a tax whose pernicious effects are sufficiently evident from the fact that no other country in the world has ever dared to impose it. In the most severe emergencies of war finance, when every possible form of taxation has been tried, bank deposits have never been touched by the withering hand of taxation, except in the United States. During the war there was some excuse for our continuing this mischievous tax, but at present there is none. Even were there no surplus in the Treasury sufficient to allow of the surrender of this small amount of revenue, the tax on bank deposits is so destructive and disorganizing to the productive power of the nation, that it should at any cost be eliminated from our financial system. It is computed that the tax on deposits destroys ten times as much of the national wealth as it brings into the Treasury. We do not attach much importance to these conjectural estimates, for the simple reason that the elements of the calculation are of such a fugitive and recondite character as to elude mathematical admeasurement. We might almost as easily compute in dollars the loss incurred by Spain through her Alcavala, or the evils inflicted on the United States by irredeemable paper money. We prefer then to rest our argument on other considerations, and we say that if the tax on bank deposits had not been a mischievous and dangerous tax it would have been a part of the fiscal system of every nation in Europe. The banks are so easily to be reached for fiscal purposes, and the taxes imposed upon them could be so readily collected, that it is absolutely certain they would not have been exempt from taxation on their deposits if such taxation had been possible or safe.

We need not repeat the various reasons, which are, unfortunately, but too notorious, for the repeal of the Federal tax on deposits, but we will mention another of the bank taxes which should be immediately taken off. We refer to the tax on capital. The amount of this tax is not very large, and it can, therefore, be repealed without serious inconvenience to the Treasury. The revenue derived from it last year was no more than $1,621,615. This tax is hurtful to the monetary machinery of the country, in a different way from that above described in the argument on the bank deposit tax. The latter tax does mischief by checking the growth of

those deposits of capital which fertilize industry and increase the national wealth. On the other hand, the tax on bank capital checks the distribution of this capital, not the collection and accumulation of it. Comparing the machinery of the loan market to the works for supplying water to a great city, we should say that the deposit tax hinders the supply of the reservoir, while the capital tax disturbs and undermines the distributing system of pipes and mains. At this late period in the fiscal history of christendom, Statesmen have no excuse for ignorance of the elementary principles of taxation. One of these principles is that to tax a sensitive, timid thing like bank capital, is to disperse and drive it away, if not to destroy it. For illustrations of this principle we may refer to the recent effects of taxation upon bank capital in several of our chief cities.

An eloquent advocate of bank tax repeal has said with much truth that, "one of the alarming features of the present taxation on our banks, is, that it is driving so much capital out of the business, and that it is contracting the loans which these institutions have been accustomed to make for the payment of the hundreds of millions of dollars required every week as wages throughout the United States." In the city of New York alone there has been a contraction of bank capital to the amount of many millions of dollars. Last January the following official statement was compiled by Mr. W. A. Camp, the manager of the New York Clearing House:

"I submit a statement of the amount of capital and surplus of the New York City banks, compiled from their official statements, made in September, 1875, and January, 1877:

	September, 1875.		*January*, 1877.
Capital	$84,085,200	...	$77,635,200
Surplus	38,443,000	...	29,148,000
Aggregate capital and surplus...	$122,528,200	...	$106,783,200

"The whole reduction in capital and surplus is $15,745,000, with a probable further reduction of from six to eight millions more, unless the banks are relieved from the present unequal and excessive taxation.

"In 1876, the Tax Commissioners increased the assessed value of bank shares in the City of New York, $11,754,127, over the previous year, their action forcing the retirement of capital and division of surplus as above.

"The total assessed valuation of real and personal property, *including bank shares*, was increased only $10,110,646, showing a *reduction* in the valuation of all real and personal property, exclusive of bank shares of $1,643,481.

"The investments of every kind of the banks, during the same period, were reduced $30,018,600.

"I am unable, at this time, to furnish you a comparative list of the prices of bank shares, but I think it safe to say

that their market value has been reduced, on an average, from twelve and a half to twenty per cent.

Taking the reduced value of bank shares for taxation this year, in consequence of the increased assessment in 1876, at the minimum rate above, say twelve and a half per cent. on $77,635,200	$9,704,400
And add to it the reduction on capital and surplus	15,745,000
Making an aggregate of	$25,449,400

"This sum is the total loss on the assessed value of bank shares in one year.

"Adding to this a further reduction of at least $8,000,000, which will certainly be made, unless relief is afforded by legislation, the total loss of bank capital and surplus will be $33,449,400."

Since this statement was compiled the Bank of Commerce has reduced its capital five millions. The whole of this bank contraction is ascribed almost exclusively to the pressure of taxation; and what must be the result of such a rapid diminution? It is not only that over twenty millions less of capital are in the possession of the banks, but there is a consequent contraction of banking facilities, of banking stability, and of banking credits, of several times twenty millions. "This is but a single instance of the baneful effects of the tourniquet; it is thus that the screw of that powerful instrument of bank taxation is pressing to its utmost tension all over the country, and if Congress do not interpose, the evils which are now so apparent will soon become almost irremediable; another panic may be precipitated upon us at an early day. It has been abundantly demonstrated that bank taxes are mischievous, and that they weaken and impair the efficiency of institutions by whose means employers are enabled to pay promptly the wages of the millions of toiling artisans in every great city as well as in every small town and village throughout the United States. Never has there been a period in the history of this country when banking capital was so rapidly withdrawn from the business of banking as during the last eighteen months. Never have we had such a multitude of accumulating proofs that bank taxes produce disturbance of the mechanism of credit, that they shake the confidence of the capitalists, and of the banking community, and that they have already weakened the distributing and lending power of the banks to an extent equal to many times the amount of the capital which has actually been withdrawn. There is also this further cause for apprehension and alarm, that the evils we have briefly indicated are nearly all on the increase."

Similar arguments and illustrations might be multiplied to any extent. Enough has been said to illustrate one or two classes of the numerous evils inflicted on the country by the

taxation of bank capital and bank deposits. Such taxation tends directly to lessen and disperse, to drive away if not to destroy, the capital and the deposits employed in the banking business. Its effect is just as pernicious in the monetary and financial domain as a destruction of the reservoirs, the supply pipes and the distributing water-mains would be in the hydraulic mechanism for conveying water to the inhabitants of a great community. If we diminish the capital of a bank or of a system of banks, we lessen the efficiency of those institutions as collectors and distributors of capital in the industrial system of the nation. We must now, for the present, leave this important subject. There are other bank taxes which urgently claim adjustment by the Legislative pruning-knife. What they are, with certain reasons for and against their removal, we will attempt to show next month.

THE NEW YORK SAVINGS BANKS AND THEIR DEPOSITS.

The strength and weakness of our Savings bank system have been recently brought into a very clear light. In Europe and in this country for many years the Savings bank system was regarded as eleemosynary. Much, indeed, that is complained of at present in such institutions is largely due to the benevolent origin of the system. In the State of New York, for example, such institutions were often chartered without due inquiry, and hence, of late years, their management has fallen to incompetent, sanguine or designing persons, and even to speculative adventurers. Considering the few and meagre regulations established by law in former years for the examination and supervision of the accounts of Savings banks, it is more singular that the failures were so few, than that the disasters of 1874 and 1875 should compel the adoption of a new policy. The officers of each Savings bank had long been in the habit of taking its charter and of working as they pleased under it. Hence, as there was the widest diversity in the powers granted to different institutions, so there was a corresponding diversity in their solvency and management. Even if the managers had been universally competent and honest they had too much of discretionary power to guide the investments of their several institutions. They could put the money of their depositors into Southern State stocks and town railroad bonds. They could make loans on collaterals of dubious value, and the temptation to abuse these powers became stronger and stronger as the paper money and the disturbance of values approached their culmination in the fatal disasters of 1873 and the subsequent years.

Prior to 1871, almost the only means for examining the true condition of the Savings banks, was by statements made by the officers who were responsible for the facts which they reported. But the reports of such officers, as experience has shown in this and other countries, cannot always be trusted, and it is a part of every sound system that the reports be verified by the light of publicity, and by the labors of experts sent to examine thoroughly the books of the bank for that purpose. The losses of the Savings banks of this city, both in real estate and in stocks, have been due, in part, to imprudence and a lack of sound judgment. But in many cases the enormous shrinkage in legitimate values in the past five years has seriously impaired the resources of institutions which have been managed with the greatest prudence. On the whole, then, it cannot be wondered at that under the stimulus of the war, of high prices, and of high wages, the development of Savings banks in the State and the rapid growth of Savings bank deposits advanced more rapidly than the safeguards appointed by law for the protection of the interests of depositors, and that before these defects were met by appropriate legislative remedies the panic of 1873 broke out, and several of the weaker Savings banks succumbed. The natural effect of these disasters was to shake public confidence in the system and in the solidity of the Savings banks. The effect has been much less severe than had been anticipated, and a reaction appears to be already setting in. To illustrate this, we compile the following tables from the reports of the New York City Savings banks for several years past:

RESOURCES AND LIABILITIES OF NEW YORK CITY SAVINGS BANKS, 1873–1877.

Resources.	*July*, 1877.	*Jan'y*, 1877.	*Jan'y*, 1876.	*Jan'y*, 1875.	*Jan'y*, 1874.
Bonds and mortgages.....	$55,921,328	$58,951,362	$65,388,887	$64,947,332	$61,771,561
Stocks and bonds at cost..	121,397,710	114,914,209	108,943,840	103,380,185	97,336,579
Loans on stocks..........	1,472,040	2,380,325	3,516,954	2,479,308	4,164,307
Bk'g houses and lots (cost)	3,859,668	3,802,719	3,977,741	5,059,229	4,310,690
Other real estate (cost)....	1,598,057	1,185,656	947,348	—	—
Cash in other banks, etc..	7,982,226	7,841,925	9,439,246	11,435,521	8,402,796
Cash on hand............	2,952,553	3,841,298	4,161,308	3,128,274	4,750,023
Other assets.............	7,483,028	7,535,334	9,040,133	4,905,246	3,678,822
Add for cents............	71	73	—	49	53
Total resources........	$202,666,681	$200,452,901	$205,415,457	$195,335,144	$184,414,831
Liabilities.					
Due depositors..........	$181,267,019	$179,116,255	$184,188,216	$180,010,703	$170,998,796
Other liabilities..	311,228	574,329	539,509	265,162	389,459
Surplus.................	21,088,400	20,762,285	20,687,722	15,059,279	13,026,576
Add for cents...........	34	32	10	—	—
Total.................	$202,666,681	$200,452,901	$205,415,457	$195,335,144	$184,414,831

The figures of July, 1877, we take from the newspaper reports just published from Albany. The deposits are now $181,267,019, against $179,116,255 at the beginning of this year. In January, 1876, the deposits were $184,188,216, against $180,010,703 in 1875; $86,574,343 in 1867, and

$36,806,420, January 1st, 1859. The number of open accounts was 468,652, January 1st, 1876, against 307,193 in 1867, and 196,979 in 1860. The increase in the deposits in the past ten years is 114 per cent. The increase in the surplus is over 200 per cent.; in the aggregate resources, 120 per cent.; in the number of accounts, fifty-two per cent.; and in the average to each depositor, thirty-eight per cent. Last year, for the first time since 1858, with the single exception of 1861, there was a decline in the total deposits, and in the number of depositors in the New York Savings banks. In explanation of the two results, the Superintendent cites the withdrawal of deposits and accounts through the failure or suspension of several banks, some of which had deposits of considerable magnitude. But for those failures there would probably have been a small increase both in the deposits and accounts. Among the special causes operating in 1876, to check new deposits, as well as to diminish those previously made, was the Centennial Exhibition. Hence, the deposits in the Savings banks of the State increased during the first half of 1876, and it was only in the last half of the year that the decline occurred. Another cause operating on the deposits, since it became difficult to invest money with profit, is, that not a few Savings banks have pretty rigorously applied the rule that large deposits should be reduced to the legal limitation, or even to a lower sum. The necessary effect must have been to diminish the amount of the deposits already held by such banks, some of them showing an increase in the number of small depositors, although the aggregate deposits are smaller in consequence of the reduction of the large deposits through the new rule above referred to. To what extent these remarks apply to the year 1877, we are not as yet informed.

So far as we are able to judge from the movement of the Savings bank deposits, the evidence is abundant of a salutary reaction from the temporary check to our Savings bank growth in the State of New York. Of course, this movement is to be attributed in part to other obvious causes, but it is also partly due to improved legislation. New Savings banks cannot now be so easily organized and sanctioned by the efforts of lobbying agents at Albany; for the Legislature has no power to charter such institutions under the new law. Moreover, by that statute, the safeguards against incompetent or dishonest management are more uniform. At present, all Savings banks are compelled to work under a common general law. No institution enjoys, by charter, any exemption from which the neighboring banks are excluded. The securities in which Savings banks may invest funds have been largely restricted in number by the new law, and additional guaranties have thus been given to depositors and to the public. The salutary limitations imposed upon the in-

vestment of deposits will also restrain hereafter the trustees of Savings banks from indulging their ambitious imprudence in the erection of expensive or unproductive banking houses. Another improvement removes the dangerous power which, prior to 1875, was held by some of the Savings banks, of loaning money upon any sort of collateral from the available fund. Under the new general law, the collaterals upon which loans may be made are specified, and no others are allowed. Finally, the light of publicity is more freely admitted, the sworn reports of the officers of Savings banks are made semi-annually, and the examination of the banks by experts, appointed by the Superintendent, are likely to be all the more thorough, for the discussion of these and other safeguards which has been stimulated during the trial that resulted in the removal of Mr. Ellis. Still it must be admitted, in the light of late events, that the New York Savings Bank Law, as it stands, has some defects which ought to be removed by new legislation next winter.

THE STATISTICS OF FAILURES AS A TEST OF BUSINESS PROGRESS.

Under this head the *Economiste Français* has recently published two elaborate articles on the commercial failures of France. The writer, M. Toussaint Loua, begins by stating that statistical science can be applied more easily to the export movements of any country in modern times than to its interior trade. Of the former, copious statistical statements are published at frequent intervals, while of the latter no such complete accounts are accessible, so that we are driven to seek out other expedients if we would compare the condition of internal trade in one year with that of previous or subsequent periods. Among these statistical facts and expedients he selects mercantile failures as offering important indications as to the prosperity or decadence of business activity. There are, he says, certain great principles which may be considered as thoroughly established in regard to insolvencies. When their number and amount are small the state of business may be safely set down as thriving and prosperous, and when on the contrary failures increase, business generally may be regarded as stagnant. There is, indeed, a medium average of failures in the normal state of a nation, just as there is a medium average of casualties in an army, or of mortality in a great city; and any deviation by way of increase or decrease is suggestive of some economic perturbation, the nature, duration and causes of which

it is the province of statistical and economic science to explore and analyze. Hence, in looking at any accurate, complete report of the failures of any given period, we may form a very useful estimate of the course which commercial and industrial affairs have taken with their successive phases of depression or improvement, just as they successively followed each other in the various periods under review. To illustrate this view, M. Loua gives the following table of the failures in France since 1840. The first three columns show the number of persons in business, the second three columns the number of failures, and the last three columns the per centage of failures to the persons in business:

NUMBER OF FAILURES IN FRANCE, 1840 TO 1874.

	Persons engaged in business.			*Failures.*			*Failures per 1,000.*		
	Paris.	*Rest of France.*	*Total.*	*Paris.*	*Rest of France.*	*Total.*	*Paris.*	*Rest of Fr'nce.*	*Total*
1840	—	—	—	979	1,639	2,618	—	—	—
1841	—	—	—	803	1,711	2,514	—	—	—
1842	—	—	—	620	1,799	2,419	—	—	—
1843	—	—	—	741	2,330	3,071	—	—	—
1844	79,256	1,335,000	1,414,256	651	2,360	3,011	8.2	1.8	2.1
1845	80,893	1,264,892	1,345,785	836	2,617	3,447	10.3	2.1	2.6
1846	82,347	1,254,436	1,336,783	939	2,856	3,795	11.4	2.3	2.8
1847	83,572	1,254,270	1,337,842	1,325	3,437	4,762	15.8	2.7	3.5
1848	84,720	1,250,635	1,335,355	627	2,905	3,532	7.4	2.3	2.6
1849	77,703	1,186,295	1,263,998	958	2,265	3,223	12.3	1.9	2.5
1850	80,083	1,180,926	1,261,009	423	1,712	2,135	5.3	1.4	1.7
1851	90,656	1,267,659	1,358,315	630	1,675	2,305	6.9	1.3	1.7
1852	93,106	1,296,276	1,389,382	506	1,972	2,478	5.4	1.5	1.8
1853	96,240	1,303,360	1,399,600	542	2,129	2,671	5.6	1.6	1.9
1854	100,955	1,319,526	1,420,481	821	2,870	3,691	8.1	2.2	2.6
1855	102,212	1,331,571	1,433,783	782	2,758	3,540	7.6	2.1	2.5
1856	105,362	1,348,338	1,453,700	754	2,963	3,717	7.2	2.2	2.5
1857	109,229	1,386,808	1,496,037	862	3,121	3,983	7.9	2.2	2.7
1858	115,473	1,413,922	1,529,395	1,085	3,245	4,330	9.4	2.3	2.8
1859	118,189	1,319,733	1,437,922	1,101	2,798	3,899	9.3	2.1	2.7
1860	120,185	1,327,241	1,447,426	1,313	2,728	4,041	10.9	2.0	2.8
1861	122,917	1,363,985	1,486,902	1,476	3,386	4,862	12.0	2.5	3.3
1862	125,913	1,393,621	1,519,534	1,747	3,643	5,390	13.9	2.6	3.5
1863	124,589	1,270,385	1,394,974	1,376	3,074	4,450	11.0	2.4	3.2
1864	128,670	1,280,948	1,409,618	1,479	3,163	4,642	11.5	2.5	3.3
1865	129,818	1,294,532	1,424,350	1,632	3,207	4,839	12.6	2.5	3.4
1866	132,432	1,304,715	1,437,147	1,648	3,550	5,198	12.4	2.7	3.6
1867	135,740	1,324,113	1,459,853	1,690	3,891	5,581	12.4	2.9	3.8
1868	138,798	1,334,868	1,473,666	1,928	3,903	5,831	13.8	2.9	3.9
1869	141,068	1,340,402	1,481,470	2,109	3,931	6,040	14.9	2.9	4.1
1870	142,959	1,344,208	1,487,167	1,373	2,614	3,987	9.6	1.9	2.7
1871	142,959	1,344,208	1,487,167	836	2,183	3,019	5.8	1.6	2.0
1872	161,445	1,367,948	1,529,393	1,854	3,390	5,244	11.5	2.5	3.4
1873	167,136	1,427,739	1,594,875	1,862	3,734	5,596	11.1	2.6	3.5
1874	168,500	1,437,495	1,605,995	1,637	3,871	5,508	9.7	2.7	3.4

Divided into periods of five years, the above statistics show the following per centage:

PERCENTAGE OF FAILURES IN EVERY 100 PERSONS IN BUSINESS.

Periods.	*Paris.*	*Rest of France.*	*Total.*	*Proportion of the Paris to the Country failures.*
1840-44	9.30	1.29	2.08	6.0
1845-49	11.44	2.27	2.83	5.0
1850-54	6.34	1.63	1.94	3.9
1855-59	8.33	2.19	2.65	3.8
1860-64	11.88	2.41	3.21	4.9
1865-69	13.29	2.80	3.78	4.7
1870-74	9.66	2.28	3.03	4.3

The view which these statistics give of the insolvencies in France begins at the most prosperous period of the reign of Louis Philippe, and passes to the revolution of 1848, the coup d'etat of 1852, the rapid development of French industry and commerce subsequent to the gold discoveries, the enlightened legislation of Louis Napoleon, and the numerous years of peace which terminated in the war of 1870, and so enriched France that she was able to pay, without apparent exhaustion, the war indemnity to Germany of 1,100 millions of dollars. We cannot here point out the numerous deductions which are suggested by the statistics above given. It is sufficient to state that the figures are official. They have been compiled with great labor from the reports published yearly by the French Government. As to the number of persons in business for each year, it has been obtained from the annual volume of the Minister of Finance, while the insolvency statistics are compiled from the report of the Minister of Justice. We believe these statistics have never been previously collected for separate publication, and much credit is due to M. Toussaint Loua, for the industry with which he has explored this important subject. He gives the subjoined table of the percentage of liabilities yielded to the creditors by the estates of the insolvents.

PERCENTAGE OF LIABILITIES YIELDED TO CREDITORS BY INSOLVENCIES, 1840–1876.

	1840-44.	1845-49.	1850-54.	1855-59.	1860-64.	1865-69.	1870-74.
IN PARIS.							
Nil	6.6	9.8	13.4	14.7	13.3	13.3	10.8
Less than 10%	13.1	13.3	18.5	17.0	18.2	21.5	23.5
From 10 to 25%.	61.6	52.5	45.8	39.4	39.1	34.3	34.2
" 25 " 50%.	14.5	19.5	16.4	21.7	23.3	23.7	22.7
" 50 " 75%.	1.4	1.3	1.7	2.6	2.4	3.4	3.7
" 75 " 100%.	2.8	3.6	4.2	4.6	3.7	3.8	5.4
IN THE REST OF FRANCE.							
Nil	8.2	5.8	7.2	7.6	9.4	8.8	7.6
Less than 10%	16.8	19.1	22.1	20.9	22.4	25.7	26.5
From 10 to 25%.	43.5	42.8	42.4	40.7	38.8	37.5	36.7
" 25 " 50%.	23.9	24.8	20.8	23.6	22.1	21.4	21.5
" 50 " 75%.	3.6	3.8	3.8	3.6	4.1	3.4	3.5
" 75 " 100%.	4.0	3.7	3.7	3.6	3.2	3.2	4.2

Many other elaborate tables are given to which it may be

interesting to direct attention hereafter, when we come to examine the failures of the present quarter in the United States. We regret to learn that these failures, especially in some of the Western States, are more numerous and important than have been anticipated. It is also worthy of remark that the insolvencies of the last six or eight months are reported to have yielded to the creditors smaller dividends than the average of previous years. This diminution is attributed to defects in our bankruptcy law. No doubt it is also in part due to a mistaken leniency on the part of creditors, which often disposes them to accept propositions from insolvents who wish to continue business, but have no equitable claim to be allowed to do so. It is to be feared that this ill-timed leniency tends, in a very mischievous way, to perpetuate in the ranks of commerce and trade, a succession of men without principle, of meagre business ability, and wholly unworthy of credit, who jostle and crowd better men in the avenues of business. Moreover, one of its worst and most familiar results is that it tends to introduce dishonest elements of rivalry into the struggle for business, and the competition to sell cheap goods, which are only wholesome and beneficent when they are under the restraint of good laws, sound principles, honest solvency, and mutual fidelity to contracts and peculiar engagements.

THE CRISIS IN PORTUGAL.

Of the extent and violence of the industrial crisis in Europe an illustration is afforded by the fact that it reaches third-rate countries, like Portugal, whose finance and commerce are small. It is remembered that the effects of the panic of 1873 did not reach Portugal so early as the other European nations. The year 1876, however, was marked by a financial crisis of great severity; the resources of some of the banks had been invested in securities which had promised large profits when purchased, but were unavailable in time of panic. In many instances banks had bought or lent money upon shares in their own or in other banks; some of these shares had never been quoted at the stock exchanges, and yet the banks had received them at par or at some high valuation as collaterals for loans. In not a few cases the banks had actually accepted their own shares in payment of calls. Meanwhile, there had been reckless gambling by the public in the Spanish government bonds, transactions having been effected on the stock exchanges during the first six months of 1876 to the amount of about forty-five millions of dollars. So prevalent was the mania for starting new banks in Portugal, that in 1871 the capital of the joint-stock banks

amounted to $26,640,000, and at the beginning of 1876 it had increased to $63,800,000. The deposits were swelled artificially, the bank circulation was recklessly expanded, and when money came to be required for their liquidation, the banks, with their unrealizable securities, were unable to meet the demand. The first flash of distrust fired the train that had long been preparing, and the whole country was convulsed with the shock of the panic. One or two banks in the north suspended payment, and instantly the alarm spread as if by magic. Throughout the country there was a run to cash notes and withdraw deposits, which reached its climax on the 18th of August, 1876, when some of the institutions of the highest credit and the longest experience were compelled to suspend payment after having had nearly every available coin withdrawn from their vaults. To meet the emergency the government issued a decree granting a delay for payments of sixty days, and, at the same time, it repaid to the banks, by means of a loan raised in London, advances which they had made to the treasury. Out of the same loan the government also lent money to various banks on the security of Portuguese government bonds. By these and other means the further progress of the panic was stopped, but as is usual in such cases, confidence was slow to return, and Portugal is likely to feel for some time the sharp lesson it has been taught of the difference between banks which invest in sound securities, and banks which are eager to make large gains by reckless speculations in worthless bonds and stocks.

The unpopularity of the recent Portuguese loans has puzzled many economists. An eminent writer, M. Paul Leroy-Beaulieu, refers to it in the *Economiste Français*, for 4th August. He ascribes the failure of the loan to the neighborhood of Spain, whose low credit has injured that of the more peaceful and more prosperous Portugal. The explanation does not seem to us complete. A more satisfactory reason may be found in the Treasury reports, which show that the annual revenue of Portugal amounted, on the average of the last ten years, to nearly $20,000,000, while the average expenditure has been $3,750,000 more. The estimates of revenue for the year 1876–77 amounted to 24,059,981 milreis, or $26,733,305, and the estimates of expenditure for the same period, to 24,795,906 milreis, or $27,551,000, leaving a deficit of 735,925 milreis, or $817,695.

There has been no annual report for the last thirty years without a deficit. The expenditure amounted, in 1834, to 14,911,314 milreis; in 1844 to 11,158,214; and in 1854 to 11,784,472 milreis. In the financial year, 1858–59, the public expenditure was 12,947,061 milreis, or $14,565,440; in 1860–61, it rose to 13,987,859 milreis, or $15,736,340; in 1862–63, to 22,329,239 milreis, or $24,810,265; and in 1867–68, to 22,695,979

milreis, or $25,223,310. The deficit for the year 1867–68 amounted to 5,811,560 milreis, or $1,462,980; and it rose to 6,133,627 milreis, or $6,815,140 in 1868–69, but fell to 735,925 milreis, or $817,695 in the estimates of 1876–77. The revenue of Portugal during the thirty years 1846–76 increased by about sixty per cent.

The public debt of Portugal dates from the year 1796, when the first loan of 4,000,000 milreis, or about $4,500,000 was raised. Increasing very slowly at first, it was not till the year 1826 that another large sum was raised, namely, thirty-five millions of milreis, or $38,850,000. The total debt rose gradually in the next thirty years, and at the end of 1856 had come to amount to $104,870,000, requiring an annual interest of $3,145,000. The debt more than doubled in the next ten years, and at the end of 1866 amounted to $216,275,000, the annual interest being $6,485,000. At the end of 1871 the debt had risen to $321,665,000, the annual interest amounting to $9,635,000; and at the end of 1873 the debt was $364,165,000, the annual interest being $11,080,000. According to the official reports, the public debt was as follows on the 30th June, 1876: Consolidated debt, 350,428,014 milreis, or $389,364,460; floating debt, 5,350,000 milreis, or $5,944,440; making a total of $395,308,900. The floating debt is being paid off. In the year 1873, the government raised a loan for this special object. The loan was issued in September, 1873, in bonds for the nominal amount of $42,500,000, at three per cent. The whole was taken in Portugal, at the issue-price of 43½ per cent. A previous foreign loan, at three per cent., issued in 1869, was offered by the London financial agents of the government at 32½ per cent. About two-fifths of the total liabilities of Portugal rank as an external debt, contracted mainly in Great Britain, the rest being a home debt. For the year ending June 30th, 1877, the interest and management of the home debt for the period was set down at $6,656,490, and of the foreign debt at $4,597,350. The interest on the public debt has not always been punctually paid. Portions of the principal have also been repudiated at various periods; among others the loan contracted by Don Miguel in 1832. Again in the year 1837, the interest on the home debt has been paid, but not that on the foreign debt. By a royal decree of December 18, 1852, the interest on the whole funded debt, internal and foreign, was reduced to three per cent. Many of the creditors protested against this policy but without effect. On the 19th of June, 1867, the Chamber of Deputies approved a bill presented by the government for raising 37,000,000 milreis to fund the floating debt and to negotiate three per cent. external bonds at such a price that the interest shall not exceed three-quarter per cent. above the rate of the actual stock, calcu-

lated upon the market price. It was under the provisions of this bill that the loans of 1869 and 1873 were raised. In the figures above cited we find an ample explanation of the fact that the credit of Portugal is depressed, that her recent loan was almost a failure in London and Paris, and that her three per cents have sold as low as 32½, and are even now quoted at fifty, while the three per cents of France are quoted at a fraction over seventy. In Portugal, as in other countries, not excepting our own, it is bad financial management that injures government credit. Portugal may be unfortunate in having Spain for a neighbor, but she has been and is more unfortunate in her finance ministers, and in her fiscal policy.

OPERATIONS OF THE BANK OF FRANCE IN 1876.

A suggestive illustration of the power and industrial condition of France is given in the report of the Bank of France for 1876, which was read at the annual meeting of the shareholders at Paris, and has just been published. It shows a considerable decrease of business. The decline began in 1874, continued in 1875, and is still more notable now. The report shows that the transactions for the year 1875 represented an aggregate of $2,331,465,980; while they amounted for the year 1876 to $1,833,366,780; so that the decrease in 1876 was $498,099,200. The rate of discount which had been fixed at four per cent. on the 4th of June, 1874, was reduced to three per cent. on the 26th of May, 1876, and has remained unaltered since. The rate on advances has been fixed at four per cent. since the date last mentioned. Compared with 1875 the sums under discount in Paris and the branches represent a decrease of $451,649,620. In 1875 they were, including warrants of the Mint, $1,924,050,100; in 1875 they were only $1,472,400,480. The number of trade bills admitted to discount at Paris was 16,020,750, representing a sum of $504,286,080; being on an average for each bill $157. These bills may be subdivided thus: 1,244,868 bills on towns where there are branches of the bank, amounting to $141,002,795; 1,959,282 bills on Paris, amounting to $363,283,285; and 3,204,150 bills in all for $504,286,080. The operations of the branch banks have not been for the most part so profitable as heretofore. They amounted in 1875 to $1,060,920,100; in 1876 they were $906,981,620, being a diminution in 1876 of $153,938,480. The five principal branches continue to occupy the first place with regard to the extent of their business. In consequence of the depression and changes of trade, however, Bordeaux has taken the second place, occupied formerly by Lille, and the latter branch has taken the third place,

instead of Bordeaux. In connection with these changes it is interesting to note that the transactions in Marseilles, amounted in 1875 to $141,915,140; in 1876 they were $86,019,160, showing a decrease of $55,895,980. The transactions at Bordeaux amounted in 1875 to $86,302,100, and in 1876 to $76,440,920, showing a decrease of $9,861,180. In 1875, the transactions in Lille amounted to $105,024,540, and in 1876 to $70,526,660, a decrease of $34,497,880. In Lyons in 1875 the transactions amounted to $71,923,860; they were in 1876 $66,670,860, a decrease of $5,253,000. In 1875 the transactions in Havre amounted to $63,478,140, and in 1875 to $55,081,560, a decrease of $8,396,580. Twenty-six branches have been carried on at a loss, the total losses amounting to $80,520. The bank is now operating seventy-six branches, and two others are on the point of commencing business. Preliminary arrangements establishing twelve other branches have been begun, and when completed the bank will have established its full total of ninety branches, or one for each department, as required by the laws of 1857 and 1873. To show the character and amount of the different taxes paid by the Bank of France to the government in 1876, we give the following details:

"Contributions directes"	$53,860
Duties on the issue of new shares	10,950
Stamp-duty on bills in circulation	746,530
Tax of three per cent. on the dividend	163,685
Adhesive stamps for receipts	800
Tax on the paper for notes	300
Tax on the paper for printed forms	1,800
	$977,925

As a more complete view is desirable of the monetary situation in France, we give the subjoined table of the deposits and loans of the financial institutions of Paris for 30th June, 1876 and 1877:

Report, June 30.	*Loans*, 1877.	*Loans*, 1876.	*Deposits*, 1877.	*Deposits*, 1876.
	$	$	$	$
Comptoir d'Escompte	25,388,212	25,156,428	17,354,945	13,762,045
Crédit Lyonnais	31,289,944	39,507,978	27,625,306	26,152,574
Société Génerale	37,851,865	35,236,034	50,152,325	44,640,058
Crédit Foncier	38,556,683	33,563,631	15,366,533	9,696,618
Dépôts Comptes Courants	19,530,338	17,724,205	12,403,727	8,956,257
Crédit Industriel	19,466,889	19,120,761	10,285,799	8,002,374
Totals	172,083,931	170,309,037	133,188,635	111,209,926

This year, as last, the decrease of the transactions of the bank is chiefly seen in the amount of commercial paper discounted. In France, as in all other commercial countries, it is the discounts which chiefly reflect the activity or slackening of business. Hence, as in France, the exports have diminished, and the internal trade of the country is less active, it is natural to expect a corresponding diminution in the bank movements. But, beyond these considerations, says

the report, "we ought not to lose sight of the new conditions which, under the sway of present circumstances, impose themselves on the operations of credit, and on the mode of payment of commercial liabilities. We mentioned to you last year, that the capital formed by the savings of the country, and which becomes more important as it gradually accumulates, passed but little into circulation, and was reluctant to enter into transactions at long dates, or in foreign countries; that it was invested either in Government stocks, or in good commercial securities, which could be readily realized when opportunities were favorable; and that finally, the owners of capital were content with a very low rate of interest, in order to obtain perfect security, and a ready facility of realization. The Bank of France thus loses much excellent paper which formerly made its way to it to be discounted. The bank suffers a further loss, because the private banks and credit institutions being over-stocked with money, on account of the deposits which they accept, re-discount as little as possible, or re-discount bills quite close to maturity. No one is ignorant that this state of affairs has been even more marked in 1876 than before; and however prudent and skillful men may be, they cannot contend against the force of events. But it cannot be too often stated that these events are transient and temporary, and it is but reasonable to believe, as experience justifies us in doing, in the return of a considerable improvement of commerce, of industry, and of all the productive powers of the country. It is well to bear in mind, however, that the gradual raising of the stamp duty has contributed much to diminish the number of commercial bills which can be discounted. Commerce and industry, finding this duty too heavy for them to bear, have sought out expedients for lawfully endeavoring to avoid it. Hence arises the very great increase of checks, the statements of debts or liabilities solely by letters or invoices, which do not pass into circulation, and are paid immediately on demand, and finally by employing in the settlement of commercial transactions those other means which dispense with the use of negotiable documents, bills payable to order, and letters of exchange. We hope that the solicitude of the Government for the welfare of the country will soon enable it, by new arrangements, to diminish the stamp duty on commercial paper. And we believe that such a step would prove advantageous to the Treasury itself." The dividends for the year were about fifteen per cent. minus the tax which amounts to one-tenth per cent. upon the capital. The 182,500 shares are held by 22,254 proprietors. The Government now owes the bank $67,600,000, against $111,275,600, on the 24th January, 1876. On the whole, the report shows that France has not been so completely exempt, as had been supposed, from that business depression which has so long been conspicuous in other countries.

REFORM OF CORPORATIONS.

There is no country of the world in which so large a portion of the industrial capital is absorbed by corporate organizations as in the United States. If we consider the classes into which that industrial capital is distributed, we are struck with the very small proportion which is left in individual hands. The first of these classes is that of *production;* and it is in this that the largest field is still left to individual enterprise. Agriculture is, practically speaking, entirely in private hands. The processes of agricultural production are not easily susceptible of corporate management. How large a part of the capital of this country is absorbed by agriculture we have not at hand the means of stating. The production of other kinds of food than the cereals—of meat as well as bread—is also in private hands, and for the same reason. On the other hand, mineral production, which includes nearly, if not quite all production not included in agriculture, is wholly in the hands of corporations. Coal, iron, and the less important metals, require, for their economical production and putting into market, so large an outlay of capital as to place the business beyond the means of individuals, and have thus, in this country, required those aggregations of money, accompanied with a limited pecuniary responsibility, and a still more limited power of control on the part of shareholders, which are the distinguishing features of the American corporate system.

The production of which we have thus far spoken is of raw materials only. When we come to the production of wrought products, where labor and skill are applied to raw materials, converting them into all the varied forms which fit them for the uses of civilized life, and adding to them a value far exceeding their first cost, we find that this industry is largely in the hands of corporations. The great staples of manufacture—cotton, wool, iron, copper, etc.—like the production of the metals, require for their manipulation larger capitals than are often to be found in private hands. Manufactures may therefore be broadly said to be carried on by corporate capital, the amount of which is a very large fraction of the whole productive capital of the country.*

The other great process in the industrial economy, is that of *distribution,* in which is included *exchange.* Here again cor-

* Contrast with this a statement in a late number of the BANKER'S MAGAZINE, that out of 1,900 individuals, firms and corporations carrying on the manufacture of cotton in the Lancashire and Cheshire district, only 270 were corporations, and that the aggregate capital employed by them was only £7,500,000 as against £50,000,000 held by individuals and partnerships. There is no doubt that for economy and efficiency the English manufacturing system has great advantages over ours. (See BANKER'S MAGAZINE for July, 1877, p. 79.)

porations do a large proportion of the work. The buying and selling of merchandise would seem to be the principal exception; this, it is true, is exclusively in the hands of individuals, so far as the manipulation is concerned, but the capital to carry on the business is principally furnished by banks and other moneyed institutions of a corporate character. Transportation by means of railways and lines of foreign and inland navigation, is wholly under corporate management, including under this title also the carriage of news and of private correspondence by telegraph. These functions come strictly under the head of transportation, and the business is subject to nearly the same laws as the transportation of material products. The aggregation of telegraph lines has not grown out of a spirit of monopoly but out of a necessity incident to the business carried on. Precisely for the same reason the great express companies and other through lines of freight transportation have been established, because they have come to be a necessity. In the infancy of railway business merchandise shipped from New York to Chicago, or any other distant point, was handled and reshipped at the end of each of the numerous lines which intervened between those points. This involved great delays and great cost of handling. By degrees this friction became intolerable, and the railways began to receive and forward the cars of connecting lines, without breaking bulk. A difficulty, however, still remained; the responsibility and the care were shifted at each point of transfer, and shippers who suffered from losses or delays found it difficult to fix responsibility upon the proper corporation.

There were also unavoidable jealousies between connecting companies, especially in cases of loss, when the servants of each sought to shift the responsibility on to some other shoulders. This led to a still farther improvement in the transportation business. Through lines were established by corporations distinct from the railways, though often composed of or capitalized by them. The Red, White, and Blue lines are illustrations. These corporations receive freight under a contract to carry it to its terminus, however remote, and to be responsible for it through the entire period of its transit. Thus the question of responsibility is settled; so also is the question of care and supervision. Agents and servants independent of the railway officials look after the freight through the entire route, thereby avoiding much unnecessary and vexatious delay which was incident to the divided and ever-shifting management of the railway companies through whose hands it had successively to pass. The maximum of care and economy with the minimum of delay and friction has thus been secured. It was precisely so with the telegraph business in its early days, only that in this case the evils were aggravated by the weak and irre-

sponsible character of the local lines by which the business was formerly conducted. A message between places remote from each other, had to pass through the hands of several of these weak organizations. At each boundary line the responsibility was shifted, and friction had to be encountered. The same jealousy existed between managers and servants as in the case of the railroads. The public patience revolted against these obstacles, and demanded that the friction be eliminated. This could only be done by the uniting of contiguous lines, in order to secure a single control and a single responsibility. There is no natural break in the transmission of a telegraphic message until it reaches its destination, any more than in that of a car load of merchandise—less indeed by reason of its intangible nature. Thus it came about that the great telegraph system of this country, once composed of local, weak, and warring fragments, has been united into a harmonious whole, and as the result of this union, a service created, which for accuracy, speed and reliability has no parallel in the world. It would be very unfair and untrue to attribute this vast aggregation of lines to a spirit of monopoly. The historical fact is the outgrowth of the logical necessity of which we have spoken; and that is, that each successive union of independent interests has been forced upon those who controlled them by the public demand for the highest possible efficiency and economy, which could in no other possible way be attained. What we thus aver in defence of the telegraph, is largely true of the railway system also. The evils of railway monopoly are abundantly obvious, and are the subject of constant criticism and assault. In the weakness of our Federal and State Governments, which is incident to their popular character, the power of great corporations is a more serious evil than in governments of a stronger and more consolidated sort. The late railway strike has furnished proof enough that for such extraordinary emergencies our governments are lamentably weak, and that we have to fall back upon the conservative classes of citizens, who have property at stake, to secure the restoration of order. When the power is lodged in the hands of the masses, the will of the masses necessarily determines the preservation of the public peace, and until the sober second thought of the popular master brings him to the point of restraining his own passions, society is at his mercy. The vast power exercised by the railway companies may be and often is oppressive; and it is not subject to the control either of Government or public opinion. Some further right and duty of intervention on the part of the Federal or State Governments to redress grievances and to enforce justice would seem to be needed. We do not believe that it would be possible for our weak Government, overburdened as it is with functions, to meet the demand of the grangers, by

assuming the ownership or control of the railways, but it might and ought to have a greater power and influence over them. It is a subject the consideration of which we esteem vital to the future safety of the country, if, as seems unavoidable, it is to remain as much as heretofore under the dominion of corporate systems. We refer to the conditions as to which corporations shall be allowed to exist, and to the duty which the Government must perform towards them in the interests of the people. We have stated that the system of railway monopoly has grown up precisely in the same way as the telegraph monopoly—from the union of contiguous lines, in order to secure under a single management a larger measure of responsibility and efficiency, and a lower ratio of expenses to receipts. The present greatly reduced cost of transportation abundantly vindicates the wisdom of such combinations, and there is no reason why this signal advantage to the whole people, producers and consumers alike, should be given up because its attendant evils of great and irresponsible power demand the imposition of further restraints.

It remains to consider the great class of moneyed corporations, banks, savings banks, trust companies, and the fire and life insurance companies, which, though organized for a different purpose, compete with the strictly moneyed corporations in the investment and loan of capital. In no other country is the business of banking so largely in the hands of corporations. There are a great many so called private bankers, but they control very little capital in the aggregate, compared with that of the incorporated banks. In no other country also is there such an accumulation of money in the savings banks. It is true that these institutions are confined chiefly to the Northern Atlantic States, but as those States are the centres of a large proportion of the working capital of the country, they represent the whole Union, and the influence of their corporate systems for good or evil is felt wherever capital finds its way. There is also this important difference between the savings banks of the United States and those of England and France, that while with us the business is strictly under the control of private managers and trustees, in those countries the entire deposits are taken by the government, and constitute a portion of the public debt. The great life and fire insurance companies are domiciled in the same States as the banks, so that a very large part of the stock of money available for loans or short investments, throughout the Union, is held by corporations as well as individuals in those States.

To resume; we have shown that out of the capital used for production and distribution, and for the immediate purpose of money lending, the greatest part is handled by corporate institutions. We recapitulate the classes of industry thus controlled: In crude or primary production, the business of coal

and metallic mining. In secondary production, a large part of manufactures. In transportation, the entire business of railways, foreign and domestic navigation, and the telegraph. In the loaning and short investment of money, the entire business of insuring property and lives, and that of banking under the distinct heads of banks, savings banks, and trust companies.

The predominating influence of corporations in the control of capital, and the management of production and distribution which we have thus shown to exist in the United States, has had an important bearing in bringing about and prolonging the recent crisis. While the causes of that crisis may be easily traced to the civil war, and to the vast waste of money and resources that it involved, and especially to the fictitious prosperity which seemed to follow the creation of a debased currency, the mischievous consequences have been greatly aggravated by the bad management of corporations—the principal agents by whom the industrial machinery has been hitherto worked. In restoring the country to a state of prosperity, it is indispensably necessary that there should be a thorough overhauling and reform of our corporate system, and a revision, in many cases, of the legislation on which its existence depends. More care must be exercised in the granting of corporate powers; special charters of all sorts must be resisted; general laws authorizing incorporation must be revised and made more stringent; the State which authorizes these artificial existences must assume and exercise a more direct and rigid supervision over them, and the irresponsible power of corporate managers must be placed under greater restraint.

Hostility to corporations was a part of the old Democratic creed, while, on the other hand, the creation and fostering of the corporate system was the work of the Federal and Whig parties. The earliest institutions incorporated were the banks; after them came the manufacturing companies, the turnpike and canal companies, the railway and telegraph companies, the coal, iron, copper, silver, and other mining companies, not to speak of a great number of subordinate organizations of less importance, such as land and improvement companies, gas companies, acqueduct companies, &c. The numerous corporations for religious, charitable, or social purposes, having no pecuniary end in view, do not fall precisely within the scope of our present discussion; but they serve to establish still more clearly, the tendency of the American people to organization, and to the substitution of united, in place of individual action in business as well as in political affairs. The argument in favor of corporations was at the inception of the system, and still is, a very strong one in a country situated like ours. Many enterprises, not in their nature public, and many industries most important to the development

and well being of a people, require too large an outlay of capital, to be within the means of any individual or partnership in a new country. Such enterprises and industries must therefore either be postponed, till by the slow process of accumulation they can be compassed by individual capital, or they must be undertaken by organizations in which capital is contributed by many persons, and in small sums placed substantially at the risk of the business. The principle of limited liability would seem, therefore, to be an essential feature of any corporate system for industrial purposes, and so it has been in this country from the beginning. It has not, however, been always so in England. In the older joint-stock banks, both of England and Scotland, the shareholders are individually liable for all the debts, and without limitation. This is now the case with the five old banks of London, which have always maintained a high standing, and have enjoyed great prosperity ; viz., the London and Westminster, the London and County, London Joint-Stock, Union Bank of London, and City banks. It was also the case with the Scotch banks, which failed so disastrously in 1857, the Western Bank of Scotland, and the City Bank of Glasgow ; and we believe also with the Leeds Banking Company, and Borough Bank of Liverpool, and some other English banks, which failed about the same time. There is much to be said against the unlimited liability of shareholders, in the case of corporations, though at first blush the argument might seem to be all the other way. The substantial objection is, that it engenders an unsafe confidence and gives rise to a false credit. The best basis of credit, whether for the individual or the corporation, is the adequacy of capital *in the business*, the integrity and capacity of the managers, and the *success*. Has the concern sufficient means, is it honestly and ably managed, and does it pay? These are the legitimate inquiries ; and if all are answered in the affirmative, the grounds of credit are established. The private means of partners, outside of the business, are merely guarantees against disaster, or something to fall back upon if any of the primary bases of credit fails. When, however, credit is in the first instance accorded to this guaranty fund, it is a false credit, and sooner or later must lead to loss. Now, in the case of a corporation, banking or any other, the principles which should regulate credit are even more clearly defined than in that of individuals. The corporation has limited powers conferred by its charter, and is therefore less able than the individual to go outside of its business into irregular or unknown enterprises; and it has also a known paid-up capital, and it is required to publish frequent detailed statements of its condition, and in many cases to submit to official examination by public officers. If, with all these opportunities for information regarding its actual condition, satisfactory grounds for credit are not shown to exist, it is hazardous to

the creditor, and highly injurious to the public, that credit should be accorded on the ground of the liability and personal wealth of shareholders. Bad business is a curse to any country, and nothing should be done to encourage it. The soundness of this position was painfully illustrated in the case of the Scotch banks, whose failure has been referred to. They ran into every kind of speculation and excess which characterizes bad banking, but they were able to get their paper re-discounted in London long after they had created fair grounds of suspicion, for the sole reason that certain wealthy Scotch noblemen were known to be among their shareholders. Their example was pernicious and demoralizing, and their career of improvidence and fraud was directly encouraged by the false grounds on which they enjoyed credit.

The great extension of the corporate system in Great Britain, and on the continent of Europe, is comparatively modern. It dates in England, from the passage of the so-called Companies Act, in 1862; in France from the suceessful establishment of the since unfortunate Credit Mobilier; and in Germany, from the close of the Franco-Prussian War. If it should be asked why America should have led the way in industrial organizations, the answer is obvious. It is because it was a young country, ambitious to equal the older countries of Europe, in the scope and variety of its enterprises, but too poor to do so without the aggregation of small individual means. It is matter of pride to us as a people to know that however bad and reprehensible the management of our corporate system has been, the objects undertaken, and the methods by which they have been set on foot, have as a rule been far more legitimate and honorable than in European countries. Schemes have been successfully floated in England, France, and Germany, under the auspices of respectable houses, and with the sanction of great names, which would never have been listened to in Wall Street, and for which no man of standing would have stood sponsor. The business of *promoting*, so successfully pursued by Albert Grant and his numerous respectable associates, is almost unknown in this country. German bankers united after the Prussian war, in numberless cases, in setting up joint-stock banks, for which there was not a pretence of business, and with the avowed purpose of selling out their shares as soon as they reached a fair premium. We venture to say that no New York banker of any standing would have lent his name to any organization, with the purpose of deserting it under similar circumstances.

When we come to consider the subject of specific reforms in our corporate systems, the serious difficulty of the situation unfolds itself. Except the National banks, all corporations in the United States are the creations of State and

not of Federal legislation. The State laws under which they are established—whether general or special—differ very materially in their provisions, so that criticism applicable to those of one State may not apply to those of another. It is a well-known fact, for example, that the insurance laws of the different States contain such different requirements, that both the fire and life insurance companies, working through a ramified system of agencies, have to devote a great deal of time, and sometimes to exercise a lawyer-like ingenuity, to enable them first to establish themselves in those States, and afterwards to prepare the periodical returns and statements which the local laws require.

The State laws relating to taxation are equally embarrassing to railway and telegraph companies, whose lines run through several jurisdictions. If it were within the scope of Federal authority, much simplicity would be attained and uniformity of legislation secured, by transferring to Congress the power to create and control corporations, which from the nature of their business are to operate in several States;* but this has been hitherto regarded as an infringement of State Rights under the present Federal Constitution. It is now however maintained by highly respectable statesmen and constitutional lawyers that Congress, under its power to regulate commerce between the States, and as the controller also of all post routes, is clothed with sufficient authority in the premises, to justify all necessary legislation. It is certainly to be hoped that this position can be sustained. Consolidated governments have certainly an advantage over our own in this respect. It is clear, however, that the business aspects of the case were never contemplated by the framers of the Constitution, who in protecting the rights of the States had in mind political rights only.

But although the laws relating to corporations are not absolutely uniform, they are sufficiently alike to call for reforms of a kindred character. A few of these reforms we proceed to mention, trusting that the subject may be considered of sufficient importance to call out the suggestions of advisers more competent than ourselves.

The National Banking System is now more nearly perfect than that of any other country, and needs no present revision.† We make, however, this single practical suggestion, that the value of the official examinations would be greatly enhanced, if they were conducted by more than one examiner. We are aware that objections will be made to the increased expense, and to the creation of more office-holders, at a time when the popular sentiment demands a

* This suggestion has recently been made in England in behalf of the holders of railway mortgages, who have experienced much needless embarrassment in proceedings for foreclosure, where the lines run through several States. (See London *Economist*, July 7, 1877, p. 789.)

† We do not, of course, overlook the pressing necessity for a reduction of taxation on the National banks, but this has no bearing on the question of reform in corporate management which we are now discussing.

reduction rather than an increase in the number of public servants. But these objections are of no weight when the importance of the work done by bank examiners comes to be considered. We regard these examinations as the best, in fact, as the only reliable, safeguard against mismanagement. It is impossible to frame a statute requiring sworn statements so stringently as to prevent the fraudulent "doctoring" of such reports, and there are many requirements of the Bank Act essential to good banking, as to compliance with which the returns can furnish no evidence. The mere manual labor of a thorough bank examination is very considerable. It should cover a complete examination of the cash, and of every piece of paper discounted or loan made, with its collaterals; a perusal of the records, a scrutinizing of officers' bonds, and a judicial consideration of all questions touching the safety and regularity of the business. The time occupied should be as short as is consistent with a thorough performance of these duties; for while the examination is going on, all the officers and clerks of the bank are more or less interrupted in the discharge of their regular functions. One examiner rarely does all this manual work thoroughly; but it is in the performance of his judicial duties that he has the greatest difficulties to encounter. They bring him frequently into situations of great delicacy and painful responsibility. If he finds anything positively wrong it is his plain duty to report it to the Department, and sometimes to recommend summary proceedings. It requires a good deal of nerve for one man thus to array himself against the managers and directors of an influential institution. He must be able to resist argument, entreaty and sometimes corruption itself. Two or three men can do this much more easily than one, for not only do they rely on each other, but are a check on any disposition to weak or corrupt acquiescence. The experience of the States which before the National system had Boards of Bank Commissioners, furnishes abundant evidence of the importance of this suggestion. A reform in the service of Bank Directors is the greatest present necessity. The frequent attendance of a majority of the Board is a point to be strongly insisted on, as well as a full record of their proceedings. If a majority attend the meetings and do their plain duty, in authorizing or approving every loan of money, such a state of things as was recently developed in one of the oldest and most respectable of our city banks, could never have arisen. It would greatly promote regularity of attendance if a small fee were paid to those who attend. The practice obtains in the insurance companies and many other corporations of this city, and it is attended with the best results. The cost to the institution is very trifling, while the gain in efficiency of management is very great. With a five-dollar gold piece in

prospect, a quorum of the best men is rarely wanting. We believe the practice of paying Directors an attendance fee is universal in London. The French joint-stock banks go a great deal farther, for they give the Directors as a compensation for their time and responsibility, a certain percentage of the profits.

The frequent failure of Savings banks is one of the most lamentable features of the present difficulty. Worse than the loss of property in the aggregate, is the fact that it is the property of the poorer and more ignorant classes. Not only are their hard-earned savings gone, but their confidence in the system and the class of men who administer it has gone with them. Nothing has done so much to discourage the lately enfranchised negroes in the laying by of money, as the disgraceful failure of the Freedman's Bank. In this city, though the failure of Savings banks has not generally been the result of dishonest management, the discouraging fact remains. Without Savings banks there is very little chance of accumulation among the laboring classes. The sums saved are too small at any given time to command any safe investment, and the habits of our people are not favorable to hoarding. We look to see a great decline of such savings with no appreciable addition to the comfort of those who have been accustomed to make them. What is now laid by will probably be spent improvidently if not viciously. Savings bank failures have chiefly arisen from one of two causes. Either the bank was established for selfish or corrupt purposes, to make places for needy men, or to place the large sums deposited under the control of dishonest or speculative trustees—or what has more often happened, there has been such a shrinkage in the value of investments as to make the institution insolvent. For the latter calamity the managers are only in part responsible; it is largely due to natural causes incident to the condition of the country, the operation of which they have seldom foreseen and have been powerless to prevent.

Savings banks have labored under this difficulty. With a view to safety, they are, by law, restricted to a very narrow choice of investments—all of the highest class—practically government bonds and loans on mortgage. The large amounts to be invested have created a most unhealthy competition for mortgage investments. The market price of real estate in this city, and throughout the Eastern States, has been greatly inflated by that competition. Actual sales at the inflated prices ceased in '73, but the holders of property clung to the idea that the stagnation was temporary, and that the intrinsic value had not seriously declined. This was true, but they were slow to learn that the nominal or appraised value had far outstripped the real value. The payment of interest on rapidly depreciating property—with decline or loss of

rents—became more and more difficult, and in many cases ceased, and the property was thus thrown back upon the lending institution, with the obligation to take care of it and to pay taxes on it. The sources of revenue were thus dried up, while the expenses of management continued. The larger banks, though losing heavily, have been able to bear the strain, but the smaller ones have necessarily gone to the wall. Can legislation do anything to restore the system to its former position of confidence? Something, but not much. Greater restraints can be placed upon the organization of new Savings banks, by requiring their promoters to "show cause" for their establishment. The exigency should always come from the side of those desiring to deposit, and not from that of expectant office holders or borrowers. Pains should be taken to enlarge the field of investment, if it can safely be done; and above all, there should be required periodical examinations of the bank, at its place of business, by competent public officers. There is no possible form of sworn return that can take the place of this. Experience amply proves that irregularities do not creep in when they are certain to be discovered at the next (non-heralded) visit of a competent and honest examiner.

What we have said with regard to the difficulty of finding safe investments, and the great shrinkage in the value of assets of Savings banks, applies equally to the life insurance companies, and furnishes some excuse for the numerous failures which have lately taken place among that class of institutions. But we are not aware of any case in which it furnishes any adequate explanation of those disastrous, and in most cases, disgraceful bankruptcies. For wanton perversion of trusts and wholesale misapplication of trust funds, the broken life companies stand pre-eminent in the ranks of corporate villainy. They have done far more than the Savings banks to discourage the savings of the classe that need to save, and to discredit the integrity of corporate managers and trustees. Their opportunities for dishonesty are far greater than that of any other class of institutions, because the business they carry on is in itself a mystery to nine-tenths of those whose lives they insure. Its principles are even yet a subject of acrimonious dispute among those who are reputed its most learned experts. One of these principles is, however, plain, and it underlies all the rest, and it is this, that the whole accumulations are trust funds held for the benefit of policy holders. These funds have been actually so treated as to pervert the trust and defeat the purposes of those who contributed them. We admit that this has often been accomplished under conditions falling within the letter of the contract, but every unfair advantage has been taken of the ignorance of the party insured, and he has been often so confused by the mysteries of "hocus pocus" as

to surrender important rights without at all knowing that he did so. The popular indignation against this vicious management is, however, so thoroughly aroused, that we cannot doubt that suitable means will be found to restore this once philanthropic business to a footing of respectability and confidence. More than any of which we have spoken it requires the constant, rigid, and fearless supervision of public officers, and above all, thorough examinations, *on the spot*, by experts competent to fathom its mysterious workings.

What can be done to improve the character of Manufacturing Companies? On the part of the State this: they should be required to satisfy the government which enfranchises them that the purpose of their organization is legitimate; that the capital proposed is adequate; that it is to be in a form available for use, and that it is actually paid in before the corporate privilege can be enjoyed. The State can exercise only a limited control over their interior management; it can and should require sworn returns, but minute local examinations would be too burdensome to be undertaken. Most of the disasters which have overtaken manufacturing corporations have, however, arisen from a neglect of some of the conditions which we have laid down as fundamental to their creation. Either the purposes have not been legitimate, or the capital has not been adequate, or it has been tied up and rendered unavailable, or though stipulated it has not been paid in. The commonest mistake has been to allow too little for working capital. This is generally fatal in the end, for there is scarcely any business so steadily profitable as to provide its own motive power. When all the capital is absorbed in the plant—often with a debt on it besides—and reliance is had on borrowing to work the business, it is sure to come to grief. Yet such has been the actual condition of a large part of the manufacturing establishments of the Eastern States for the last ten years. Banks and commission merchants have furnished their quick capital and have had to bear their ultimate losses. As we have already stated, bad business is a public as well as a personal calamity, and the State owes a duty to its citizens to prevent it as far as possible, by withholding its sanction to the creation of weak or improvident companies. Bad management can only be prevented by the care and active intervention of the shareholders. At the best, corporate business is rarely so well managed as private business, for this reason, especially, that it is managed by agents rather than by owners. This is a strong argument against adopting the corporate form when there is private capital to be obtained adequate to the business. A very common source of trouble is the overestimating of plant or property turned over by individuals as their contribution to stock. Many a shaky private concern has been made a joint-stock company, with no other result than to

swindle the outside stockholders. Let the cash subscribers beware especially of patents or good-will, which are often put in at valuation absurdly exaggerated.

The subject of railway management is too large a one to be satisfactorily entered upon at the end of a long paper. There is here a wide field for carefully considered legislation ; but reforms must necessarily be slow and gradual, in view of the many and great interests involved. It occurs to us at this time to offer a single suggestion only, and that is, that before any company should be empowered to enter upon the construction of its line, a certain sum per mile, depending on its estimated cost, should be required to be responsibly subscribed, and a given per centage of it paid in in cash. The power to create bonded or other debt would seem also to be capable of statute regulation.

In conclusion, we desire to see the hand of the State more visible in the control of corporations of every sort. They are artificial beings, dependent upon the people for their franchises, and so long as these are enjoyed, it is the duty of the State to see that they are not exercised to the public detriment. To this end a rigid supervision over them should be constantly maintained, and the power to arrest injury by summary injunction or other suitable official remedy should be carefully reserved and fearlessly exercised.

The growth of corporations either in number or in power is at least a doubtful good ; but so long as their existence is as necessary to the development of the country and the management of its industries as it seems now to be considered, every precaution should be taken to hold them to a strict account, and to confine them to their legitimate functions.

NEGOTIABLE INSTRUMENTS.—In the case of *Samstag* vs. *Conley*, the defendants were sued as maker and indorser, respectively, of an instrument in which the maker waived "any and all exceptions under and by virtue of any execution, exemption, homestead or stay laws of the State of Missouri, or that of any other State," and in which he promised also "to pay a reasonable attorney's fee for the bringing of suit in collection of this note, if suit thereon be brought or collection thereof be enforced after the same shall become due." The Supreme Court of Missouri held, (1) affirming *Bank* vs. *Gay*, 63 Mo. 33, that it was not a negotiable promissory note; (2) that the defendants were not jointly liable; (3) that the assignor could only be held liable in an action against him upon his implied undertaking to pay after due diligence used by the assignee in the institution and prosecution of suit against the maker for the recovery of the money due, or in the event of insolvency or non-residence of the maker, so that suit would be unavailing or could not be instituted.

OUR NATIONAL WEALTH AND TRANS-PACIFIC COMMERCE.

Some important economic questions, which were much discussed during the years immediately following the completion of the Pacific railways, are again commanding the attention of our thoughtful bankers and merchants. Among them is the problem whether we are likely to attract to our Pacific railroad route any considerable portion of the European trade with the Orient. It is well known that the established routes commerce are very difficult to be disturbed, and that those of of Oriental commerce are peculiarly obstinate and averse to change. Still, the history of the last five centuries show several revolutionary changes in this respect, and it has been suggested as by no means impossible, that the present war in Asia may assist in diverting a portion of the Eastern commerce from the threatened highways to our safer lines of communication. The completion of our Pacific railroad lines, and the organization of the Trans-Pacific steamer service, were rapidly followed by the opening of the Suez canal. The grand movements of commerce with the Orient received a new impulse from these events all over the world, and the results are as yet, only beginning to show themselves.

A still more practical question is as to our own trade with the Orient, the direction, value, and volume of which have all sustained considerable development. From the Atlantic to the Pacific sea-board, our American merchants have been accustomed to send their heavy freights by way of Cape Horn, while the passengers and light freights took the route of the Isthmus. The long distance was 17,000 miles; the short one was more than 5,000; the long route required ninety days, and the short one twenty days. The railway brought a great change, as it enabled travelers to pass between the maritime capitals of the Atlantic and Pacific coasts in seven days, and a special train has even made the journey in half that time. Freight followed the same route to such an extent that the business of sailing ships by way of Cape Horn has been materially lessened, as well as that of the steamers by the Isthmus. Of course the greatest effect of the Suez Canal was felt in Europe, and specially in England, the maritime queen of the commercial world. The route *viâ* the Cape of Good Hope was almost abandoned for the new one, which saved thousands of miles in distance, and avoided two passages of the Equator and the Torrid Zone. France and French interests built the canal, and were opposed by England. But

the latter country has been the greatest gainer by its construction.

What will be the future course of the commercial revolution which has begun it is obviously premature as yet to attempt to foresee. Before this problem can be solved, we must learn more as to the Turko-Russian struggle, and of its probable influence upon Oriental commerce and trade. It is quite evident that the free navigation of the Suez Canal is not unlikely to be threatened, should the war spread or be long continued. And as commerce shuns danger and incertitude, we shall not be surprised to find that the promising business of the Suez Canal has received a temporary check.

With regard to our own route, the commerce of our Pacific steamers is made up of a larger variety of commodities than is by many persons supposed. From January to July the steamers bring principally teas and silks, and great expedition is used in the transport of these goods. Tea deteriorates with age, and the sooner a new crop can be put on the market, the better will be the tea, and the greater will be the proportionate profits of the shipper and consignee. When the steamer arrives at San Francisco, the railroad cars are drawn up at her side and the chests of tea or bales of silk are transported at once, without the necessity for a second handling. The work goes on with great rapidity; in a few hours the transfer is complete, and the train is on its way to the eastward. It has the right of way over everything but a passenger train; nothing is allowed to stop or delay it. It contains from twenty-five to thirty cars; it climbs the Sierras, and winds through the snow-sheds; crosses the alkali plains of Nevada and Utah, and steadily ascends the long slope of the Rocky Mountains, till it halts at the water shed between the Atlantic and the Pacific, more than 8,000 feet above the level of the sea. Then down the mountains and through the broad valley of the Missouri, across the fertile prairies of the Mississippi, striking the lakes, and crossing the Alleghanies, the train comes at length to the seaboard. Twelve days suffice for the journey, and in one instance a tea train carried its cargo in nine days and a few hours from San Francisco to New York.

With the present system of commerce a man may do four times as much business as formerly. A decade or two ago, it took the best part of a year to send a cargo of tea or silk from China or Japan, and get the returns therefor; from six to twelve months capital was locked up, and there was no way of releasing it. Now the steamers and the railway are able to deliver cargo in New York in twenty-eight days from Yokohama, and in thirty-three days from Hong Kong. If we multiply those figures by four for Hong Kong, and by five or six for Yokohama, we shall not be far from the best time of the old sailing ships.

Such are the main advantages which have been realized for the tea and silk trade under our new system of steamboat and railroad transportation to the Orient. Not only is there a great saving of time, but there is also an avoidance of the mischievous heat of the tropics. The subjoined details are given by a correspondent of the New York *Times*, from whose interesting letter of 26th June, we have taken much of the information above given. He says of the transportation from China and Japan to San Francisco:

"The work is not always done by steam; there are wheels within wheels, and Captain Bradbury, President of the Occidental and Oriental Steamship Company, has pointed out some of them to me. 'We send sailing ships now and then,' says the Captain, 'at the beginning of the tea season, when there is a rush of the article, and everybody wants to get off as much of it as possible. We have to compete with steamers that go direct from Hong Kong to New York by the Suez Canal, and we do it by sending sailing ships to San Francisco and forwarding their cargoes overland by rail. We can thus beat the time of these direct steamers considerably, and put our rates very low. Our clipper ships make very good time. Last year one of them came over in thirty days, and without the least injury to herself or cargo.' So you see that a steam line finds it advantageous to employ sailing ships on special occasions, while for regular business, the former have almost supplanted the sailers.

"From January to July, the cargoes are principally teas and silks; from July to January, there is a goodly share of those articles, and then come in addition, hemp, sugars, coffee, rice, and general merchandise. The steamers get the greater part—probably two-thirds—of their cargoes from Hong Kong, and one-third from Yokohama. Of late there has been a considerable trade in Japanese curiosities. The damage to Japanese goods is much greater than to Chinese, for the reason that the Japs are ignorant of the art of packing. They have only had this sort of trade for a short time, while the Chinese have been in it for hundreds of years. But the Japanese are quick to learn, and in time they will doubtless pack their goods better.

"When the steam lines first began running to China and Japan, they had comparatively little outward freight, and the best they could do was to take out coal as ballast, and sell it for a small profit. Now they have an average of a thousand tons of freight each trip, and sometimes they exceed that figure considerably. The principal article they take is flour, and next to it comes dried fish. The Chinese, with all their ingenuity, do not seem to have learned the art of clock-making, but rely upon the outside barbarians for their timekeepers. Large quantities of quicksilver are sent out—2,000 to 3,000 flasks by each steamer, and some cargoes have exceeded 4,000 flasks of 76½ pounds each. There is quite a demand for lumber for packing cases, and for building purposes, and there is a steadily increasing market for American fruits, both dried and canned. Nearly every steamer takes $ 1,000,000 or so in silver coin, chiefly in trade dollars. Mexican dollars have long been a well-known commodity, and are in constant demand; the trade dollar was created to supply this want, and is rapidly doing so.

"Nearly all heavy machinery for the East goes from the Atlantic coast in sailing ships. Plows, reapers and mowers, spades, hoes, and other things for farmers' use are called for in limited quantities, and there is a reasonably steady demand for Fairbanks' scales adapted to the Oriental standards. In medicine, as well as in justice, the Chinese go abroad; there is a steady demand for several American products in this line, the most prominent being ginseng, which comes mainly from Ohio, Kentucky, and the neighboring States."

FOREIGN COMMERCE OF THE UNITED STATES.

BY GEORGE M. WESTON.

Certain aspects of the commerce of the United States with the East, and with the several countries in this hemisphere, in contrast with the commerce of Great Britain, France, and Germany, with the same regions, are attracting, and doubtless deserve, public attention. The general fact seems to be, that of many manufactured articles, which we now produce quite as cheaply, quality considered, as our European commercial rivals, we send far less than they do, to countries, none of which are more difficult of access to us than to them, and many of which are much nearer to us than to them, some of them being in fact our nearest neighbors.

In the year 1874, according to figures collected by the Bureau of Statistics, the exports from the United States, Great Britain and France, to certain American countries, were as follows:

	United States.	*Great Britain.*	*France.*
Mexico	$6,004,370	$6,614,380	$4,512,708
Chili	2,813,990	14,462,425	9,269,970
Peru	2,621,906	9,149,885	6,498,690
Columbia	5,359,844	12,960,780	5,705,695
Argentine Republic.	2,633,963	15,961,695	14,775,806
Venezuela	1,147,620	6,520,780	5,795,539
Brazil	7,705,820	40,230,750	16,658,215
Total	$28,287,013	$105,900,695	$62,206,543

Among the items of these exports were the following:

Manufactures of	*United States.*	*Great Britain.*	*France.*
Cotton	$2,264,000	$38,850,000	$3,000,000
Iron and steel	3,385,533	15,803,395	———
Leather	200,000	1,650,000	8,215,000

The following comparison for 1876, shows substantially the same aspects:

Exports to	*From United States.*	*From Great Britain.*
Argentine Republic	$1,519,190	$15,620,142
Brazil	7,253,218	38,249,453
Chili	2,156,752	13,372 094
Mexico	4,706,778	5,624,613
Peru	695,859	7,893,261
Uruguay	1,126,123	6,124,038
Columbia	3,946,442	12,870,952
Total	$21,404,362	$99,754,553

Cuba and Porto Rico, seem to be the only part of this hemisphere to which our exports are greater than those of Great Britain. Our trade with those Spanish islands was—

	Imports from.	Exports to.
1871	$58,240,534	$15,840,584
1872	67,720,205	14,751,956
1876	63,023,512	15,845,134

British exports to Cuba and Porto Rico average about eleven million dollars annually. But even in this case, the superiority of Great Britain in exporting manufactures is marked. All its exports to Cuba and Porto Rico are manufactures, except about half a million dollars in coals. Our exports are nearly one-half raw products, which Great Britain cannot furnish.

A city journal (the *Evening Post*) prints tables showing that countries south of us on the Continent, and in the West India Islands, whose imports amount annually to 366 million dollars, import from the United States only fifty-six millions, and that about one-half of the fifty-six millions consists of manufactures, and the other half of bread-stuffs, provisions, petroleum, &c.

In the Asiatic trade, the exports of the United States for the fiscal year ending June 30, 1876, were:

To China (exclusive of Hong Kong.)	$1,390,360
" Hong Kong	11,269,121
" Japan	1,101,766

The United States exports to Hong Kong included large amounts of gold and silver from San Francisco.

British exports average annually about fifteen million dollars to Hong Kong, thirty millions to China, (exclusive of Hong Kong) and ten millions to Japan. To India, Great Britain exports 109 millions, and the United States less than one million.

These comparatively small exports from the United States have been largely due, without doubt, in times past, to the superior cheapness of European manufactures, a superiority which is rapidly disappearing. But the facts have at no time been fully explained by that circumstance. Our European rivals have commanded the largest trade in many articles produced most cheaply in the United States. That is true of coarse cotton cloths, and other examples are numerous. In 1874 the English sent to Brazil $761,635 in butter and cheese, and the French sent $367,958, while the United States sent only $6,000.

Whether these unfavorable aspects of our foreign trade can be improved, and if so, in what way they can be improved, or are likely to be improved, depends upon their causes. Of many efforts to explain what these causes are, it may be said that they are to the last degree puerile.

Some persons find the cause in our tariff duties. Trade they say is always barter; imports must balance exports; and if we obstruct imports, exports must be correspondingly diminished. It is undoubtedly true that in the long run, sav-

ing always exceptional circumstances, aggregate exports must balance aggregate imports. Otherwise, a country might be entirely drained of money, or have a useless excess of it. In that general view and sense, trade is barter. But nearly our entire trade, both ways, and with all countries, is a cash trade, and there is no reason why imports and exports with any particular country should balance, and it is very rarely that they do so, as a matter of fact. The very countries in respect to which the smallness of our exports is complained of, figure very largely in our tables of imports. The year ending June 30, 1876, gives the following results:

	Exports from United States.		*Imports into United States.*
Argentine Republic	$ 1,519,190	...	$ 3,602,736
Brazil	7,253,218	...	45,453,173
Mexico	4,706,778	...	12,505,753
Columbia	3,946,442	...	5,497,646
Venezuela	3,424,278	...	5,875,715
Central American States	938,102	...	1,819,120
Chili	2,199,510	...	755,222
Cuba	13,746,058	...	58,717,688
Porto Rico	2,099,076	...	4,305,824
Japan	1,101,766	...	15,508,170
China	1,390,360	...	12,360,851
Hong Kong	11,269,121	...	493,690
British East Indies	364,135	...	12,809,937
Total	$ 53,958,034	...	$ 179,705,525

It is thus quite clear that the smallness of our exports to these countries is not explicable on the ground that we do not import largely enough from them. And it is only in respect to one of these countries, Chili, and the single case of the duty upon copper, that there is the least color for saying that the imports are diminished by our tariff.

A still more decisive observation in respect to these countries is, that the tariff on their commodities is, upon the whole, lower in the United States, which exports but little to them, than it is in Great Britain, whose exports to them are so enormous, and very much lower than in France, whose exports to them so largely exceed our own. The demagogue cry of a "*free breakfast table*" frightened our politicians into taking off the duties on the teas of China and Japan, and the coffee of Brazil, although nobody has discovered that his breakfast table was thereby made freer or cheaper. Great Britain collects a large revenue from those articles.

The demand for reciprocity treaties with the various countries in North and South America, is made upon the general view of thereby acquiring special rights of supplying them with manufactures, more advantageous than those accorded to other nations. It cannot benefit us to have duties remitted or reduced, in Mexico, if equal remissions are accorded to Great Britain, which would leave us, so far as competition

with the English is concerned, precisely where we are now. That was, and is, the difficulty with the scheme of enlarging our Canadian market for manufactures, as Canada is compelled, from the nature of its relations with Great Britain, to admit English manufactures upon whatever terms it accords to us. Mexico, and other independent countries, may undoubtedly accord to us special favors, but it is very certain that they will not do so except for considerations which would involve more loss than the favors are worth. There is no difficulty in negotiating any number of such treaties as that with the Sandwich Islands. Poor bargains can always be quickly closed. An exchange of the market of forty-five millions of people, for a market one-tenth, or one hundreth part as large, can be made any day. There is not an island in the West Indies which will not undertake to buy of us all it consumes, if we will give up fifty millions of annual revenue, and take its sugar, molasses, and rum, duty free.

Another proposed remedy for small exports is the admission of foreign-built ships to American registry. As our large ports are always full of the ships of foreign nations, and as the employment of such ships is, and always has been, free and open to our exporters, they can gain nothing by the admission of such ships to American registry, unless we can sail them cheaper than foreigners do, which is notoriously not the fact.

Another remedy is that of subsidizing steam lines. Such a policy, if the subsidies can be so granted as really to reach the lines themselves, and not be divided between members of Congress and outside lobbies, has undoubted merits distinct altogether from the question now being discussed. The building in the United States of its own ships, of iron and of wood, is essential to the maritime strength and independence of the country. Within reasonable limits, subsidies to American-built sea-going iron steamers, may be a needed offset to similar measures of our commercial rivals. England subsidizes steam lines on a large scale. There is one kind of free trade which never runs mad, and that is British free trade, which is always as true to British interests as the needle is to the magnetic pole.

Subsidies to American steam lines may also have some favorable influence upon the magnitude of our exports, but the extent of such an influence is probably over-rated. It is certain, at any rate, that our exportation is relatively small as compared with that of Great Britain, to countries such as Cuba, Columbia, and Japan, where our facilities of that kind are quite as ample.

Another proposed remedy is that of producing articles for export on a gold basis, which can mean nothing else than purchasing raw material, paying laborers, and renting or erecting buildings or machinery on a gold scale of prices. If

this is an efficient remedy, it has been within everybody's reach these many years past. We have had since 1862, a law compelling the acceptance of greenbacks from debtors, but we never had a law, or a condition of fact, which hindered the buying, selling, or hiring of anything for gold. Many articles are bought and sold every day for gold in our large cities on the Atlantic coast, and everything is so bought and sold on the Pacific coast. If our manufacturers have not resorted to the gold basis, it is probably because of their inability to perceive that it would be of any advantage to them. They see, of course, that they can buy raw materials and hire labor at lower rates for gold than for greenbacks, but they see also, that the cost of gold above the cost of greenbacks, exactly offsets the superior purchasing power of gold.

It is amusing to observe, that while there are financiers in the United States who insist that articles cannot be procured cheaply enough for export, with a currency depreciated below gold, there are financiers elsewhere, no wiser, who teach that the way to export largely is to bring about this very depre- preciation, and that the greater the depreciation, the more exports are stimulated.

Thus the London *Economist* of June 2, 1877, says:

"The more the currency of a country depreciates, the more speedily will that country sell its goods abroad. What happened in India was this: silver having fallen in value here, it became very profitable to buy silver rupees in this market, and then buy goods with the rupees in India. In that manner the exports from India largely increased. Very similar causes are at work in Russia. Not only has the silver rouble depreciated, like everything else made of silver, but the paper rouble has fallen more extremely; and the effect upon the export trade is inevitably to stimulate it. When native currency is becoming less valuable than foreign money, an increased export to foreign countries ensues."

Nothing can be clearer than that the sale of a ton of Russian hemp for a given weight of gold, will yield to the Russian exporter a quantity of Russian paper roubles increased precisely in proportion to their depreciation below gold. But on the other hand, the cost of the hemp, reckoned in paper roubles, will increase in precisely the same proportion. The Haytian planter who raises coffee on a paper currency, worth two or three cents on a metallic dollar, finds himself no better off and no worse off when he sells for metallic dollars, than the Brazilian planter who raises coffee on a currency worth ninety cents on the dollar. The appreciation or depreciation of the currency of a country affects only its own internal dealings and prices, and can have no effect upon its foreign trade. The India case turns upon its own peculiar circumstances, chief of which is the fact, that silver is the money of India and only a commodity in England.*

The fact which is observed, is, that to many countries quite as accessible to us as to our European commercial rivals, our export trade is relatively far below theirs, taking into account

the relative abundance and cheapness in which the commodities which make up this export trade are produced by us and by them. The obvious explanation is the sufficient and true one, that we lack, as compared with them, merchants and mercantile scope and energy. If a trade offers itself, with good prospects of profits and expansion, and is not prosecuted, or is not prosecuted so much as it might be, it is because there is nobody to prosecute it, or too few to prosecute it to the extent of its possibilities. We need not look far for reasons, when a plain and sufficient one is close at hand. It being shown that opportunities for lucrative commerce with South America and Asia have remained, and still remain unimproved, or comparatively so, there can be no other explanation than that we are deficient in the mercantile classes necessary to the improvement of this particular kind of opportunities.

L. V. Thomas, representing himself as having been a resident for portions of twenty years in Spanish-American countries, writes to a city journal (the *Times*)—

"Nothing more impresses a returning American citizen than the want of vitality, and even curiosity, about commerce among New York merchants. Many of them have become speculators, giving to an automatic telegraph instrument the time they formerly spent watching the premiums on their absent ships. Others have retired, and listen absently to any talk about proximate countries. There is less counting-house knowledge of foreign geography and productions at this minute in the United States, than existed fifty years ago. Fewer American supercargoes and junior partners travel. . . Wherever you go in Central and South America, the vigor of the British mercantile character is seen. German traders are steadily following them, and are now the leading retail merchants in Mexico, Havana, and other cities. Some French tradesmen are also making headway. But the few Americans in the trade of Spanish America do not do justice to our national enterprise."

At the National Convention a year ago of the leather interest, an American, long resident in the Argentine Republic, said that we might sell there twenty million dollars worth of leather goods, instead of sending the one-hundredth part of that to the whole of South America, but that, to do so, "*our merchants must have branch houses there, as the English and Germans have.*"

Our lack of merchants is shown by the fact, that recent movements to extend the foreign sale of our manufactures have been principally made, not by merchants, but by the manufacturers themselves. The paper manufacturers combined not long since in a plan of exports to Europe, and the cotton interest of Fall River, as is well known, has sent agents, not only to Europe, but to South America. So generally understood is our deficiency in mercantile enterprise, that the Secretary of the American Iron and Steel Association, after describing in his recent annual report various kinds of iron manufactures in which we excel European nations proceeds to say:

"The way to extend our markets and increase our sales abroad is to display more commercial enterprise and tact than has been customary with American iron and steel manufacturers."

It is thus, not to merchants, but to the iron and steel manufacturers themselves, that the Secretary looks for the "*more commercial enterprise*," which the case needs.

What is true of manufacturers of iron, seems to be true of the manufacturers of boots and shoes. There are no merchants to look up markets for them, and they become their own merchants. A city journal, (*Tribune*, of August 4th,) says:

"One of the signs of the times is the eagerness with which American boot and shoe makers are scouring all regions of the earth to build up a foreign trade in their goods. They are succeeding fairly. American styles are popular, and there is a prospect of America shoeing the Japanese Empire and all South America."

The truth is, that since the beginning of this century, there has been a change in the predominating direction of the enterprise of our Atlantic cities, from foreign commerce, to interior development. The change followed naturally the passage of the Alleghanies by roads, canals and railroads, and the opening up of the illimitable valley of the Mississippi, and has probably secured the best application for the time being of the capital, energy and devising skill of our people. There is no less talent, or scope, and certainly no less eager and wide-reaching search for wealth wherever it may be found, than there was in 1800. But the prevailing direction of these qualities and impulses has been changed from exterior commerce to mining and to railroading. The men who watch the "*automatic telegraph instrument*," which records the fluctuations in their investments, are as vigilant, active and wide-seeing as their predecessors, who planned and executed trading ventures in foreign parts.

It is, of course, true, that commerce in the United States has greatly increased in fifty years, but the increase has been mainly in the exchange of agricultural staples, for the production of which we have peculiar natural advantages. It is an increase which is no evidence of our commercial enterprise, and would have occurred if no American exporters had existed. The English would come for our cotton if we did not send it to them.

All rules have their exceptions, and rules are sometimes said to be proved by their exceptions, but the general fact in the history of the world is certain, that foreign commerce has flourished eminently in countries of small territorial extent, and oftentimes in cities with scarcely any territory beyond their own limits. The examples of such cities are innumerable, from the Tyre and Sidon of ancient times, to the Italian cities and Hanse towns of the Middle Ages. In more recent times, Portugal and Holland preceded England in the commercial race, and to this day the Dutch, still industrious and enterprising and not finding in their cramped home territory any proper scope for their enterprise and cap-

ital, maintain a foreign commerce which is immense. Great territories direct commerce to internal channels, and when great territories are also new and abound in natural resources demanding development, they are still more unpropitious to foreign trade.

The mercantile spirit, if it exists, must have tools to work with, and at a cost not so high as to prohibit their use. There must be "*supercargoes and junior partners*" to travel, and there must be agents to reside permanently abroad, and in all sorts of places, uninviting as well as inviting. There is no lack of the material in this country. The American commercial drummer may be confidently matched against the world for alertness, shrewdness and persistency, and for some other qualities, hardly so reputable, but apparently necessary in the present condition of trading morality. He will not give up the comforts of American hotels and railroads, until the increasing numbers of his class make home employment more difficult to be procured and less remunerative. The general fact in recent years has been, that the demand of railroads and other interior enterprises for capable and trained men, has kept their pay so high, that merchants could not employ them abroad in competition with European merchants, whose facilities of that kind have been so much greater. A change in this respect will come, even if slowly. Indeed, it is already visible.

Repeating here, what the writer of this article has said elsewhere, if capital has not gone into foreign trade, it is because it has been more urgently needed at home. If American commercial travelers and resident agents abroad have been so few, it is because the demands nearer at hand have been so great and so pressing. The change will come as the requirements of internal development diminish, and not by legislation, or by the shallow quackeries of reciprocity treaties. There is nothing in the past to be complained of or regretted. The capital, enterprise and industry of the country have been well employed, in the directions indicated by our condition, and with results which justify pride and congratulation. Nature moves by a slow progression, unobserved and in the stillness of the night. First the leaf, then the bud, and then the flower. A solid basis has been laid for foreign commerce, in a developed country, and perfected arts. With expanding outlets will come a greater development, vaster accumulations, and a higher perfection. We can safely rely, that when the genius and aptitudes of our people shall take the direction of foreign commerce, they will be as efficient and successful as when scaling mountains, constructing railroads, and subjecting a wilderness to cultivation.

It is in resources unexhausted that the hope lies of future growth. If the field of external commerce had been already

reaped, it could not be looked to for a new advance. It is because it has been as yet scarcely touched that the future of our commercial cities may so much exceed their past. In view of their opportunities ocean-ward, the growth of Baltimore, Philadelphia, New York and Boston has only begun. *Via patet.* Nothing obstructs the way, and the time has come to enter upon it.

THE ELEMENTS OF BANKING,

BEING THE SECOND OF THE GILBART LECTURES ON BANKING.

DELIVERED AT KING'S COLLEGE, LONDON (SESSION 1877),

BY PROF. LEONE LEVI.

In one of the lectures on banking I had the honor to deliver last year, I represented to you England as the great workshop of capital. Here, is a multitude, working, struggling, panting, from day to day, to gain for themselves a bare existence. There, are others, immensely prosperous, gaining thousands, and spending hundreds. In agriculture and in manufacture, in the walks of the arts, literature and science, in commerce and shipping, and in the government and defence of the state, this vast population is constantly hard at work, with varying success and fortune, yet altogether amassing large and portentous amounts. But those who accumulate capital are not themselves always able to employ it productively. The sellers and the buyers of capital are two distinct classes of persons. What lending and borrowing, what trusting and advancing, what placing and displacing of capital, in money and merchandise, in building and machinery, in roads and canals, are required to maintain the great factory of human labor and industry in constant activity! Who are they that move this great machinery, bring lenders face to face with borrowers, control and supply, provide and distribute capital in every nook and corner, take it from where it abounds, send it where it is needed, cause the supplies of the agricultural districts to flow into the towns, and make millions and millions to pass from hand to hand, and to effect the most wonderful operations of exchange? These are the bankers. They are the intermediaries. They are the moving power, the great instruments regulating the traffic of the world. Well may banking be called the queen of industries. Traders you may be, my friends, in some limited sense, but you are more than traders —you are bankers.

Bankers, let it be remembered, do not create capital; they only give it new utilities. No operation of banking can add

one iota to the previously existing capital of the nation; it only helps to distribute it in an advantageous manner. A great blunder has often been committed by supposing that by the issue of bank notes payable to bearer, a banker has it in his power to create capital to any amount. A banker may mobilize capital, but the capital must exist quite independently of his action. Bank notes, bills of exchange, and any other instruments of capital, may represent capital, but they are not so in themselves. The utility of credit consists, not in putting in circulation so much paper, but in procuring to him who wants capital the use of that which belongs to another who cannot use it profitably. It prevents capital remaining idle. It makes production more active, capital more available. Law's bank and the currency-mongers of every century have ever stumbled at this, that credit is capital, and that bankers can use or abuse the credit they possess for the issue or circulation of any amount of capital. Buoyancy of trade, an exceptional run of good fortune, sanguine expectations, and the publication of fabulous profits on speculation, whether true or false, encourage the investment of capital in wild enterprises, and the assumption of liabilities of inordinate amount. A crisis comes, and the gates are shut for the supply of capital. Issue notes, cries the forlorn speculator, the abuser of credit. Yes, if they can be issued on the existence of *bonâ fide* capital. Otherwise, what will be the value of them? A state undertakes a war, and expends millions and millions of hard-won capital. Gold and silver take wings, and commerce and industry languish for want of capital. Issue a forced paper currency. Let that be your capital. Alas, no. Capital cannot be manipulated; it must be produced by dint of toil and industry, and it is not in the power of either the state or the bank to create a single farthing of good, *bonâ fide* capital.

But the grand triumph of banking consists in attracting capital from the most unlikely sources into its coffers. Bankers are the gatherers of the savings of the people. By many years' hard labor and wonderful abstinence from waste, you have succeeded in saving £10 or £100. Do not hide that sum in the cupboard; do not bury it under your feet. Bring it to me, says the banker. If you keep it yourself thieves will steal it from you, troublesome friends will manage to take it from your hands. Put that money into my coffers, and you will have it safe. You have earned £100 to-day, which you will not need for months. Let it not remain idle even for that time. Your commodity is of immense value. Let me utilize it, says the banker, whilst you cannot use it. It is not long since every merchant kept a certain amount of spare cash in his box. Why such waste? Bring to me all your spare cash, and I authorize you to draw cheques for the same in sums as low as £1. You are

laying by money to pay your bills or rent due next April or May. Do not let that money remain idle in the meanwhile. Bring it to me. And so by dint of perseverance in offering their good services, and by an appeal to self-interest and a sense of security, bankers have succeeded so to insinuate themselves in the good graces of the community, that people have learnt to have a perfect repugnance to keeping by them needless amounts of currency of gold or notes. They feel, more than ever, the inconvenience of it, the risk attending it, and the loss of interest involved in keeping it on hand, and so they place all they have in the bank.

There are certain conditions, however, to the success of a bank in collecting the savings of the people. It must be at hand; it must be safe; it must offer a sufficient advantage. It must be at hand. Look at what has been achieved by the post office. Before the introduction of the penny postage there were in the United Kingdom 4,500 post-offices, and together there were carried 168,000,000 letters; that is, in the proportion of 37,000 letters per post-office. In 1875 the number of post offices and letter boxes was 22,000, and the number of letters carried 1,000,000,000; or in the proportion of 45,000 each. Before the introduction of the post-office savings banks the number of trustees' savings banks was 366, and together they had £36,000,000 of capital entrusted to them. The post office added 4,853 savings banks; and whilst the old savings banks have increased their deposits to £42,000,000 the post-office savings banks have gathered £25,000,000 more. And so in banking. Compare England with Scotland. In Scotland, with 251 banking offices per million inhabitants, there are £23 deposited for every inhabitant. In England and Wales, with only 78 banking offices per million inhabitants, there are only £16 deposited per inhabitant, including all the discount and private banks; and remember, England is immensely richer, and at least seven times greater in every respect than Scotland. Does this not prove that just in proportion as a bank becomes accessible to the community, so it is able to attract deposits of its savings?

It is not sufficient, however, that the bank be at hand—it must be safe. The safety of the bank must be clear and undoubted. "Safe as the Bank" is the common saying, and it must be verified by experience, for the slightest shadow, the merest glimmer of a doubt, will destroy all its chances of success. But how is this full, complete, unshaken confidence to be secured? By the possession of a large capital and a competent reserve fund, and by a well-established character for prudence and wisdom in management. By a wise provision of the law, no bank can be founded without a capital of at least £100,000. But that is not a sufficient amount. Exclusive of the Bank of England, which has a

capital of £14,000,000, 117 English banks have an average paid-up capital eaeh of £268,000; 11 Scotch joint-stock banks have an average paid-up capital each of £882,000, the reserve amounting to an average of £110,000 in the English banks, and £351,000 each in the Scotch bank. What amount of reserve funds ought the Bank of England or any bank to keep to be prepared for any contingency or any extraordinary demand on their deposits is a question of great difficulty, most ably dealt with in Mr. Bagehot's work on *Lombard Street*, and in the pages of the *Economist*. The immense deposits at the banks are, in most cases, only kept "at call." What if a demand should suddenly be made for the recall of any large amount. It is needless, indeed, to speculate on contingencies not likely to happen. Yet it is the wisdom of a banker not to rely too exclusively on the experience of the past, but to look ahead for the most distant possibility of a panic, or revolution, or war, which may shake the commercial interests as well as public and private credit to their very depth. As for the Bank of England, the very fact that it has in its hands the whole banking reserves of the country is sufficient to impose upon it more than ordinary caution. According to Mr. Bagehot, the actual reserve ought never to be less, and always, if possible, to exceed, by a reasonable amount, the minimum apprehension reserve, which in the case of the Bank of England should be £10,000,000. But this is an arbitrary sum, and I doubt whether we can prescribe what, under any circumstance, should be the relation between the reserve and the liabilities. Each banker must, after all, be guided in such decision by his own sense of prudence and safety. He should never trust too much on the chapter of accidents, and should be always careful in keeping resources sufficient for any possible demand, the result even of the most unexpected contingency. Another element in the safety of the bank is certainly its constitution. In Scotland the banks are all joint-stock. In England there are yet numerous private banks. Even in England, however, ever since the formation of joint-stock banks in London, the joint-stock principle has been on the ascendant. In 1854 there were 532 private banks and their branches. In 1873 their number had increased to only 555. But of joint-stock banks in 1854, there were 619, and in 1873, 1,666. There are certainly elements of safety in joint-stock banks which are not to be found in private banks. In the one, the capital is known; in the other, it is always uncertain. In the one, there is full publicity of accounts; in the other, no publicity is required. On the other hand, there is this advantage in a private bank, that whilst its affairs are managed by those who have their capital and reputation at stake, and by persons who give their whole time in the management of the business, in joint-stock banks the management is confided

partly to directors, who have but a limited interest in the concern, and whose time is otherwise more than filled up with other avocations, and partly entrusted to salaried managers whose influence is not always supreme in the administration. There is moreover no doubt as to the fact, that in the event of failure the depositors in a joint-stock bank have, as a rule, received a larger dividend than those in private banks. The liability of partners in our joint-stock banks is now in most cases limited. That is, limited to the total amount of each share, whatever be the amount actually paid up at any time. But whether a bank is sufficiently safe to attract depositors does not so much depend upon whether it is constituted on the principle of limited or unlimited liability, as upon whether it stands in high credit, or otherwise, with the public. The good working of a bank depends on public confidence, and public confidence is itself the certain result of its good working. Well managed, a bank is sure to be successful. Badly managed, it is sure to be the reverse.

There is another condition to the success of a bank in attracting the savings of the people. It must offer not only convenience, but advantage. At one time the deposits of bankers consisted almost entirely of capital lying idle in quest of investment. The money so deposited remained at the bank so long only as the depositor could not himself safely invest it. But the moment the owner found a way to buy either consols, railway shares, or land, with profit, the deposit was forthwith withdrawn. Of late, however, our bankers desirous to accumulate as large an amount of the floating capital of the country as possible, are offering themselves a compensation, or a certain rate of interest for the same. And so depositing in a bank has itself become a method of investment. It is wonderful what a power the rate of interest has in bringing out money from the pockets of the people. If the value of money is low, say one or two per cent., people will not so much mind keeping a few hundred pounds lying idle. Let the value be six or seven per cent. and forthwith they scrape up every farthing and send it to their bankers, or endeavor in one way or another to make it profitable. A story is told of a customer of the banking house of Child & Co., that, having a considerable sum of money idle in his hands, was anxious to meet with a London banker to take charge of it. With that sum on hand he took a journey to London, and visited several bankers, whom he consulted as to the terms upon which they would take his money. The bankers were all anxious to accommodate him, and one said he would allow him two per cent., and another that he would allow three per cent., while a third hesitated as to what he would do. At last he went to Child's, where

he stated his business, and asked what interest they would allow upon so large a sum of money. The reply was, "We shall be happy to take charge of your money, but we will not give you any interest for it." This answer appeared so to gratify the old gentlemen, that he exclaimed, "Then this is the place for me," and he, thereupon, opened his account with that bank.* This is not the manner, however, in ordinary cases, and I venture to say that the granting of some interest, however low the rate, has proved a mighty impulse to the enlargement of the bankers' deposits, in the same manner as it has proved powerful in stimulating the deposit of money, whether in the trustees' or post-office savings banks.

By thus buying capital at a low rate of interest to sell it again at a higher, bankers certainly invade to a certain extent the business of discount houses. Is this addition to their legitimate business of taking care of the savings of the people in every way desirable? The bank of England pays no interest on deposits. They consider that the proper function of a banker is to keep the spare cash of their customers. If they invited larger deposits by offering a certain rate of interest, they would require to invest them upon securities paying a higher interest. But the deposits at the Bank of England consisting of Government deposits, which rise from a low state at one period of a quarter up to five or six millions higher at another period of a quarter, and again collapse to a very low rate at another, and of deposits of the bankers and the joint-stock banks of London, deposits which the bankers require to work their own business, the Bank of England feel themselves not justified in investing them, at least, very closely. The Bank of England regard their deposits as the last resort of the country in times of pressure, and they consider that anything which might create very high competition or dealings of a speculative character on the part of the bank might be attended with risk to the public interest. Considerations like these are entitled to great weight, as far as the Bank of England is concerned, but they do not apply with the same force to the ordinary bankers, and, considering that it is of the greatest importance to encourage as much as possible the gathering into a focus all the savings and spare capital of the people, which otherwise might be utterly unavailable for production, I think joint-stock banks are doing well to offer a certain rate of interest as an inducement, especially to the over-cautious, and often indolent, holders of capital, to bring it into the common stock. It is impossible, at the same time, to ignore the fact that the accumulation of too large an amount of deposits in comparatively few hands, especially when for their use a rent or

* *Handbook of London Bankers*, p. 33.

interest has been paid, may stimulate reckless investments, or, still worse, compel the disregard of that proper caution which bankers should exercise in the employment of their funds, a negect which has been remarkably illustrated in the blunders of last year. Need I say that neither the anxiety to confer a boon on the communities, nor the legitimate desire to extend their operations should ever be made to operate against the all-essential element of success—the safety of the bank?

In many ways bankers commend themselves to the support, especially, of a commercial community. They offer a place of security for the deposit of money, and every one who has had the care of large sums of money knows the anxiety which attends their custody. They transmit money from one part of the country to another. They enable their customers to save time and trouble in making money transactions. They constitute themselves a place of reference as to the respectability of their customers. And in a thousand ways they facilitate the business of commerce with the most distant regions of the world. And what economy in the currencies do they afford! Gold and silver are not only valuable, but rare and expensive. Only make use of a banker, and they can be dispensed with in a hundred ways. A banker has in his hands funds belonging to many of his customers. He receives their money and makes their payments. But how little real coin passes! The customer brings in cheques or other effects to-day, and to-morrow he draws again cheques on the same. By the instrumentality of the banker the customer has it in his power to employ whatever he receives each day, and to pay what he has to pay the same day the payment is due. He loses no interest either in keeping a farthing idle of what he receives, or in preparing for what he has to pay. If the customer has to pay a sum to one who banks at the same bank, he can do so by simply writing a letter to the bank to transfer that amount from his credit to the account of the other. Each cheque passed is in reality a letter of transfer from one account to another. And what is the clearing house but a method of paying and receiving immense sums at the least expense of currency? In Venice, Genoa, Amsterdam, Hamburg, where there was only one bank of deposit and transfer, and where nearly every merchant deposited in the same bank, what need was there to take out the coin from the bank that the creditor might re-deposit it in the same place in his own account? Two entries in the ledger of the bank were quite sufficient, however large the number of depositors, so long as all deposited in the same bank. A transfer of credits at the ledger was quite as effectual as the transport and actual payment of coins. Suppose, however, there are two banks, and some customers deposit in the

one and some in the other. The only difference will be that what was done solely as between the different depositors in one bank must now be completed by the transfer of credits as between the two banks themselves. And this is what is done every day at the clearing house, completed and perfected by the action of the Bank of England as the arbiter and moderator of the entire banking system of the country.

Relatively to other banks, and to the immense progress of the country, the Bank of England might be said to occupy scarcely so high a position now as in former years. In 1851 the capital and deposits of the Bank of England was as 1 to 7 of the capital and deposits held by other banks in the United Kingdom. In 1875 the proportion held by the Bank of England was as 1 to 16 of the capital and deposits held by other banks.* In 1851 there were £20 of Inland bills created to every pound of such bills discounted by the Bank of England. In 1875 there were at least £30 of Inland bills created for every pound of the same discounted by the Bank of England.† In 1851 there were £2 5s. 5d. of British produce and manufacture exported from the United Kingdom for every pound of capital and deposits held by the Bank of England. In 1875 there were exported £4 19s. 0d. of British produce and manufacture for every pound of capital and deposits held by the Bank of England.‡ Nevertheless, the Bank of England is now, as ever, the sheet anchor of the State, and its high position and utility as the center of our banking institutions is more than ever universally acknowledged. If the different bankers commend themselves in a greater degree to the support of the community by their accessibility, their safety, and the valuable services and benefits they offer to their customers, the Bank of England commends itself to the nation and the State, not only by its activity as the bank of the State, as the practical administrator of national finances, and the greatest of all receptacles of wealth, but by its very abstention from competing with other bankers in the race for business, by its care to secure the very maximum of security, and by its perfect ability to weather any storm, and to surmount any obstacle.

Another method whereby a banker is capable of rendering great service to the community is by the issue of notes payable to bearer on the deposit of sufficient securities.

* Capital and Deposit.

1851 .	Bank of England........	£33,000,000	1873 .	Bank of England........	£45,000,000
	Other Bankers	227,000,000		Other Bankers..........	723,000,000
		£260,000,000			£768,000,000

† Bills discounted and created.

1851 .	Bank of England.......	£3,200,000	1873 .	Bills discounted..........	£7,500,000
	Inl. Bills created........	65,000,000		Inl. Bills created.........	210,000,000

‡ Exports of British Produce.

1851 .	Exports................	£75,000,000	1875 .	Exports................	£223,000,000
	Capital and Deposit....	33,000,000		Capital and Deposit....	45,000,000

But partly in consequence of the exceptional privilege granted to Bank of England notes of being declared legal tender, partly for the protection of the careless, and partly also from the belief that by such an issue there might be maintained in circulation an amount of notes quite disproportionate to the wants of commerce, this source of profit to bankers, and this element of convenience to their customers, have been greatly crippled by the legislature. It is not necessary for me to dwell on this debatable ground at present, but I venture to doubt whether it is the function of Government to protect the stupid and careless, and to express a decided conviction that it is not in the power of any bank to maintain for any length of time an inflated currency. The Bank of England is permitted to issue notes uncovered by bullion to the extent of the amount due to it by the Government. Other bankers have similar power, within certain limits, but no principle has as yet been established regarding them, and all that can be said is that the practice which the legislature has consolidated works in ordinary times in a tolerably smooth manner. As I have already stated, it is not in the power of any bank to create capital, nor could any issue of notes possibly have that effect. But a large amount of capital advanced by bankers in discounting bills is virtually shut up in their till, and what would be the difference between maintaining them in circulation and substituting for them bank notes or a simple and uniform instrument, bearing the signature of a banking establishment, payable always on demand, for a variety of bills and notes, bearing numerous signatures, payable at different times, and indorsed or guaranteed by the discounting banker; bankers being insurers of or guarantors for the payment of such effects? The principles of the currency will deserve more elucidation than they have as yet received, especially under the circumstance of the enlargement of the deposit system, the wide adoption of the mode of paying by cheques, and the further extension of the clearing house, all of which have so diminished the use of bank notes. Though in time of panics these questions acquire undue importance, ordinarily a banker is not much affected by the laws of the currency. Whatever be the form of his liabilities, the banker's chief concern should be to have enough and to spare to meet them, and he may well dispense with the right of issue, if he can always command the use of ample capital.

In transacting the various and important business connected with banking, in the discounting of bills, in the issuing of notes, where that privilege is maintained, in making advances, in the opening of credits, in regulating and equilibrating the price of money, in acting as intermediaries between the owners of capital and the seekers of

the same, in interpreting the enigma of the foreign exchanges, and in weighing with adroitness and wisdom the economic condition of the nation, and the contingencies of political emergencies, what care, what judgment, what tact, are needed! What shrewdness, what method, what caution, in dealing with the numerous demands for help, for accommodation under every possible form, upon every possible excuse, and by the use of the most specious arguments! What power of coming to a prompt decision, and what an amount of common sense, may have to be exercised, in trying circumstances, in difficult times, especially of panics and general discredit! Nor must we forget the absolute necessity that the directors of a bank should be men possessing extensive knowledge, men of the highest integrity and uprightness, and, above all, men in the enjoyment of the fullest confidence on the part of the entire community. Invaluable are fixed rules for the management of a bank. To set a limit to the amount of trust to be given to any customer, however eminent; to determine absolutely what proportions of reserve shall be kept, whatever the inconvenience, whatever the loss of business, whatever the temptation; to establish before hand what class of securities shall be received and what class shall be utterly rejected; to have laws which shall preclude the acceptance of any business which might conduce to the locking up of the resources of the bank in mines or any doubtful undertaking, and which shall compel the renouncing of any business not strictly of a banking character. Oh, what a benefit! It is good to have such rules well laid down, and better still to have them rigidly obeyed. But after all, there is always danger lest, whilst such rules are obeyed in the letter, they should be ignored or nullified in their spirit. It is indeed on the caution, probity, and high sense of honor not only of the directors of the bank, but of its managers, that the hope of good management must eventually rest. Be it a joint-stock bank, or a private bank, with liability limited or unlimited, with the most excellent rules or with no rules at all, any such consideration falls into utter insignificance as compared with the importance of the guarantee afforded by a directorate responsible, honorable, and unflinchingly honest in the discharge of their duties.

I fear that I have dealt with almost the first rudiments of the business of banking, but it has been my very design to keep within the range of ordinary duties and experience. The business of banking has made rapid strides in recent times. The banks in England, France, Germany, the United States, Italy, India, China, Japan, have in their hands the upholding of the credit system and the safe balancing of the exchanges all the world over; let them not abuse the power they wield. As banks of deposit, let the trust be held

sacred; as banks of issue, let them be sparing and watchful for their responsibility; in making advances, let them be careful in circumscribing their limits; in discounting bills, let them be sure that they represent *bonâ fide* transactions of business. By so doing they will render incalculable services not only to the commercial world, but to the State itself and the great community of nations.

THE LAW OF CERTIFICATES OF DEPOSIT.

[FROM THE CHICAGO LEGAL NEWS.]

SUPREME COURT OF MICHIGAN.

SAMUEL A. TRIPP *et al.* vs. F. W. CURTENIUS *et al.*

Certificates of deposit, payable at their return to the bank, properly indorsed, are in legal effect promissory notes payable on demand, and the statute of limitations begins to run against them from their date, and no one can be held a *bona fide* purchaser of them who does not take them within a short time after their issue. It seems that two years and four months is too long.

Certificates of deposit are not within Comp. Laws, § 7,151, exempting bank bills, notes, and other evidence of debt from the operation of the statute of limitations.

MARSTOW, J.—Plaintiffs in error as co-partners, engaged in the business of banking, on the 22d of October, 1873, issued a certificate of which the following is a copy:

"$800. S. A. TRIPP & Co., BANKERS,
"SOUTH HAVEN, MICHIGAN, October 22d, 1873.

"Daniel Howard has deposited in this bank eight hundred dollars, payable to the order of himself, in current funds, on the return of this certificate properly indorsed.

"No. 265. $800. S. A. TRIPP & Co."

On the margin are the words "certificate of deposit not subject to check and no interest."

Howard indorsed this certificate and transferred it to B. H. Dyckman, who, being indebted to the defendants in error, bankers at Kalamazoo, delivered to them this certificate to apply upon his indebtedness, shortly prior to February 14th, 1876. The certificate was presented for payment February 14th, 1876, and payment refused, and an action was commenced March 10th following, to recover the amount thereof.

Upon the trial counsel for plaintiffs in error offered to prove that $462.06, had been paid upon this certificate at or about the time it was issued, leaving a balance which had afterward been tendered to Dyckman while he held it, and since then paid into court. This evidence was objected to principally upon the ground that the plaintiffs below were *bona fide* holders. The objection was sustained and judgment rendered for the whole amount of the certificate.

In *Cate* vs. *Patterson*, 25 Mich., 191, it was held that a certificate of deposit, similar to the one issued in this case, contained all the elements necessary to constitute, and was, in legal effect, a promissory note. And such is the undoubted weight of authority, as will appear from the cases collected and cited in the brief for plaintiffs in error.

This being the case, it is difficult to see why the principles applicable to promissory notes, payable on demand, should not apply to this class of paper. It is but a promise to pay money on demand, without interest, which indicates an intention to leave it on deposit but for a short period. It is argued

that a certificate of deposit and a certified check are, in legal sense, the same thing, are governed by the same rules, and that no mere lapse of time will render such check or certificate past due or dishonored.

The authorities cited to sustain this view are *Willets* vs. *Phœnix Bank*, 2 Duer, 121; *F. & M. Bank* vs. *B. & D. Bank*, 4 Kerra., 624; *Smith* vs. *Miller*, 43 W. T. 176; *Meade* vs. *Merchants' Bank*, 25 N. Y. 147; *Merchants' Bank* vs. *State Bank*, 10 Wall. 648; and *Guard Bank* vs. *Bank of Penn.*, 39 Penn. St., 92. In these cases the court, in discussing the legal qualities and effect of a certified check, likened it to a certificate of deposit, and held that a check when certified good by a bank, cannot be dishonored by lapse of time alone; that the bank, when it so certifies a check, at once charges the amount thereof up to the drawer on his account, and that funds are retained from that time by the bank to meet such check. Upon a very careful examination we were able to find but one case where the question came up directly upon a certificate of deposit. In the case of the *National Bank of Ft. Edward* vs. *Washington County National Bank*, 5 Hun., 605, it was held that, where a bank issues a certificate of deposit, payable on its return, properly endorsed, it is liable thereon to a *bona fide* holder, to whom it was transferred seven years after its issue, notwithstanding a payment thereof to the original holder, that such certificate was not dishonored until presented. The reasoning in this case is not very satisfactory, the court laying stress apparently upon the fact that the certificate is payable only upon its return, and also the fact that it was issued by a bank.

The first argument is equally applicable to a promissory note. Such paper is properly payable only upon presentation and return, and the mere fact that the instrument is issued by an individual, a copartnership or corporation engaged in the banking business, cannot, in our opinion, or at least should not, make any difference. Certificates of deposits are not intended for long circulation, or for more than a temporary convenience, and as a substitute for a draft or a certified check, and to hold that any ostensibly demand paper could be circulated and used as bank bills, would be contrary to the general policy of our banking laws, bank bills, notes, or other evidence of debt, issued by any bank, are excepted from the provisions of our statute relating to the limitation of actions (2 *Comp. Laws*, § 7151). The notes here referred to are the circulating notes, in the similitude of bank notes, of the different denominations authorized to be issued under our general banking law, and would not include certificates of deposit (1 *Comp. Laws*, § 2192), while the other evidences of debt have reference to the ordinary deposits, which are like a running account, on which the time of limitation only begins when there is a special occasion for making a new departure. But upon all demand paper not excepted by the statute, the time runs from the beginning, and no one can become a *bona fide* purchaser, who does not take it within some reasonably short period. To hold otherwise would enable banks to issue certificates of deposit, of any denomination, for circulation as ordinary bank bills, and with like effect.

In *Brummagin* vs. *Tallant*, 29 Cal., 503, it was held that the statute of limitations begins to run against a banker's certificate of deposit, payable on demand, from the date of the same, and that no special demand is necessary to put the statute in motion. We think this is the safer and better doctrine, and is correct in principle. To hold such instruments to be in legal effect promissory notes, payable on demand, and yet not apply the principles applicable to demand promissory notes, either because of the peculiar form of the instrument, or because issued by a firm engaged in the business of banking, would be to create a distinction unsound in principle, and one not warranted by any reason or necessity that we can discover.

The judgment must be reversed with costs, and a new trial ordered.

The other justices concurred.

LEGAL MISCELLANY.

RECENT DECISIONS OF THE SUPREME COURT OF ILLINOIS.

Opinions filed at Ottawa, June 22, 1877.

[FROM THE CHICAGO LEGAL NEWS.]

COLLATERAL SECURITY. DUTY OF PLEDGEE.—*Joliet Iron and Steel Company* vs. *Sciota Fire and Brick Company.*—*Held*, that the pledgee of commercial paper held as collateral security for a debt, has no right, in the absence of an express power so to do, to sell such security and apply the proceeds in extinguishment of the debt. But it is his duty to hold the same and collect when due, and apply the proceeds to extinguish the debt secured.

STATEMENT.—Appellant pledged with appellee six first mortgage gold bonds of the Chicago and Paducah Railroad Company, of $ 1,000 each, as collateral security for the payment of the note on which this action was brought. No special authority was given appellee to dispose of the securities in case of non-payment of the note.

The note was not paid at maturity, and on the 15th day of February, 1875, at two o'clock P. M., at the North-Western National Bank of Chicago, appellee, sold the collaterals at public auction for $ 1,800, and credited that amount (less the expenses of sale) on the note.

The judgment appealed from is the amount due on the note, after crediting the proceeds of this sale.

The plaintiff (appellee) declared on the note. The defendant filed a plea, setting forth the conversion of the collaterals by the plaintiff, and the fact that the securities were worth the full amount of the note.

To this plea the plaintiff replied, setting forth the fact of its holding the securities as collateral, the giving and publication of a notice of sale.

The defendant demurred to this replication. (Abstract, page 3.) The demurrer was overruled, and judgment went for the plaintiff.

DICKEY, J. The pledge of commercial paper as collateral security for the payment of a debt, does not, in the absence of a special power for that purpose, authorize the party to whom such paper is so pledged to sell the securities so pledged upon default of payment either at public or private sale. He is bound to hold and collect the same as it becomes due, and apply the net proceeds to the payment of the debt so secured. A person holding property or securities in pledge, occupies the relation of trustee for the owner, and as such, in the absence of special power to do otherwise, is bound to proceed as a prudent owner would his own. From the very nature of the case, *property* can only be applied as security through the process of sale. Not so with lands, mortgages, or promissory notes. *Wheeler* vs. *Newboulds*, 16 N. Y., 392. It is insisted however, that the bonds mentioned in the plea, are not shown to have been commercial paper. It is not perceived that this could in any way alter the case. All the reasoning in support of the doctrine laid down as to commercial paper, applies with the same, if not with more force, to bonds payable upon condition. Put up to sale, no bidder can by mere inspection of the paper, form any just judgment as to the value of such paper. The statements of the plea, in some respects, are not so full as they should be, but such defects are fully supplied by the statements in the replications. Upon the facts so stated and confessed in the record, the judgment upon the demurrers should have been for appellant. The judgment must be reversed and the cause remanded for further proceedings, in accordance with the views in this opinion.—Judgment reversed.

AGENCY OF WIFE—RATIFICATION.—258. *Mudge* vs. *Bullock*, Admr.—Appeal from LaSalle. Opinion by Craig, J.—*Held*, That while the title of

the note in question was in the husband, yet if he authorized his wife to endorse it in her own name, or if after the endorsement was made and he was informed of it, he ratified and confirmed the act, this would be binding upon him, and the title to the note would pass as effectually as if the endorsement had been made by the husband in person. If the wife was entrusted with the business of her husband in his absence, with authority to do all acts necessary to a proper discharge of such business, and the endorsements were made in the usual course of such business, and with his knowledge and approbation, her acts may be regarded as his acts.

INDORSEMENT IN BLANK BEFORE DELIVERY—PRESUMPTION OF GUARANTY—RIGHT TO FILL UP INDORSEMENT.—174. *Stowell* vs. *Raymond.*—Appeal from Cook. Opinion by Breese, J.—Assumpsit charging liability as guarantor on a promissory note executed by T. D. Hall and Charles Wheeler, plaintiff, and delivered to plaintiff after it was indorsed by defendant. *Held*, That if a note in the hands of the payee has upon its back the blank signature of a third person the presumption, in the absence of proof, is, that such person indorsed as guarantor.

That an indorsement in blank confers authority upon the payee of the note to write above it a guaranty, if that was the nature of the agreement, and the intention of the parties.

PRESENTMENT FOR PAYMENT.—316. *Thayer* vs. *Peck.*—Appeal from Will. Opinion by Scholfield, J.—The only evidence offered by appellee, on the trial in the court below, was the following instrument, declared on in the special count, in his declaration:

"$5,250.00. JOLIET, July 27th, 1875.

At one day's sight, pay to the order of myself five thousand and two hundred and fifty dollars with exchange. Value received, and charge to account of

H. L. THAYER.

"To First National Bank of Joliet, Illinois. Indorsed, H. L. Thayer."

And also evidence showing the amount of interest due upon it, by computation. There was no evidence, either of its presentment to the bank for payment, or of any facts constituting an excuse for not making presentment of it. *Held*, in the absence of such proof it was error to render judgment against the drawer.

DECEASE OF MAKER—RELEASE OF SURETIES.—318. *House* vs. *Trustees of Township* 35, *Range* 10.—Opinion by Dickey, J.—This was an action against House as surety on a note given to the trustees of schools. The maker of the note died, and the trustees failed to present the note as a claim against his estate within the two years allowed by statute in such cases.

The only question presented by the record is, whether the failure of the plaintiffs to present, in apt time, their notes against the estate of Baunon, released the sureties by operation of law. *Held*, That the fact that the note was given to public officers, and was for a loan of the school fund, did not take it out of the operation of the statute requiring the holders of notes to present them for probate against the estate of the maker within two years after administration, or the sureties would be discharged.

That the statute relied on is not a mere statute of limitation.

ACCOMMODATION PAPER AS COLLATERAL.—The Supreme Court of Pennsylvania, in the case of *Cummings* vs. *Boyd*, decides that the holder of accommodation paper which is pledged to him as collateral security for an antecedent debt is not a purchaser for value; and that a note in his hands may be impeached for fraud in its making and procurement.

BOOK NOTICES.

Lectures on the History of Protection in the United States. By W. G. SUMNER. New York: G. P. Putnam's Sons. 1877.

Prof. Sumner is so well known as a clear, earnest and eloquent writer on Political Economy that the lectures before us will be sure to find readers, if not admirers, in both the hostile camps engaged in the tariff conflict here and in Europe. The first and second of these admirable addresses are chiefly devoted to a discussion of the principles and conceptions which are involved in the free-trade controversy. The third and fourth lectures give an historical view of the origin and establishment of the policy of protection in the United States, while the final lecture reviews the whole subject, and presents a vigorous and energetic appeal to the public to organize societies, and improve, by constitutional means, the tariff legislation of this country. It has been objected to Mr. Sumner, that, instead of being a teacher of his opinions, he is an impassioned advocate of them. He certainly lacks what a great philosopher has called "the dry light" of intellectual perspicuity. But he more than compensates for this defect by the ingenuity of his illustrations and the force of his reasoning. Like Dr. Johnson, he is sometimes open to the charge of unfairly, or at least imperfectly, stating the opinions of his adversaries; but he is never disingenuous, and he always tries to be fair and impartial. This is not the place for an analysis of Mr. Sumner's rare and peculiar powers. Nor, indeed, has he as yet much more than begun to develop some of his best gifts. So ardent, laborious and painstaking a writer cannot fail, if life and health are continued, to render eminent services to the study of economic science in this country. His work so far has been less in the field of original research and more in that of popularizing the investigations of other economists. Still, there is an original turn of thought in nearly all of Mr. Sumner's best efforts, which justify his friends in anticipating much more from him in the future.

Sophisms of Protection. By the late M. FREDERIC BASTIAT. New York: G. P. Putnam's Sons. 1877.

This translation of four of the ingenious pamphlets of M. Bastiat is very timely. It is preceded by a preface from the pen of Mr. Horace White, of Chicago. As American students of political economy are not familiar with many of the leading foreign writers, and as M. Bastiat has been dead more than a quarter of a century, it may be interesting to recapitulate the chief incidents of his short career. He was born in Bayonne, June 29th, 1801.

After a brief sickness, which defied medical skill, he visited southern Europe under the advice of his physicians, and after a partial recovery he suffered a relapse and died in Rome, Dec. 24, 1850. In his youth he was educated by his father for commercial pursuits, but the bias of his mind was toward political economy; and an inheritance left him in 1825 enabled him to devote himself to that study. In 1840 he traveled through Portugal and Spain; in 1844 he made his first appearance as a writer in an article attacking the protective system, published in the *Journal des Economistes;* in 1845 he visited England, and made the acquaintance of certain leaders of the Manchester school. On his return to France he published in 1845 a work entitled *Cobden et la ligue, ou l'Agitation Anglaise pour la Liberté des Echanges.* In 1846 he took an active part in the establishment at Bordeaux and at Paris of a free-trade association, becoming its secretary at Paris. He was also the chief editor of the *Journal le Libre Echange.* At this time he took a prominent part among the eloquent opponents of Proudhon and the Socialists of France, whose idea of the omnipotence of the state he combated. In 1848 he was chosen a member of the Constituent Assembly and then of the Legislative Assembly, but his health and gifts did not encourage him to speak at the tribune. He gained much deserved reputation by his controversies with Proudhon, and the critics of some of his best works have been puzzled by not reading Proudhon's writings in connection with those of Bastiat. Among the most striking works of Bastiat are the pamphlet *Capital et Rente, Gratuité du Crédit:* Paris, 1849; and *Harmonies Economiques,* left incomplete at his death. The last is an attempt to demonstrate that economic laws tend together harmoniously to improve and develop the best interests of man's life. This work and some others gave rise to a heated controversy in the Paris *Journal des Economistes* just at the close of the life of M. Bastiat. Mr. Henry C. Carey, of Philadelphia, who somewhat mistook Bastiat's merits, and undervalued his work, contended against some of Bastiat's principles, and claimed "the principle of economic harmony" as a discovery of his own. But the fact was, that neither the one nor the other had the slightest claim to be the original discoverer of this principle, though both used it for different purposes in their various writings. Had the parties to this controversy known a little more of the history of Metaphysics and Ethical Philosophy, their contest would have been shorter and more useful. That Bastiat had originality in the use which he made of the argument of economical harmony, it is in vain for any one to deny who has read his works; and that our venerable American economist, Mr. Carey, has also in a different direction displayed both originality and ingenuity in the use of this argument is universally conceded. The first series of "Bastiat's Sophisms" appeared in Paris in 1845, and were translated in 1848. In that year they were published in New York by G. P. Putnam. The other three pamphlets in this volume are less familiar to American readers. The translation of one of them, "Capital and Interest," was recently published in London, and the other two essays have been translated by Mr. Horace White for this volume. The book is full of suggestive thought, and will well repay attentive perusal, although many of the topics have the disadvantage of being French rather than American, and of belonging to the France of twenty-five years ago.

Manual of the Railroads of the United States, for 1877–78. By HENRY V. POOR, New York: H. V. & H. W. Poor, 68 Broadway. 1877.

No other country but the United States, we believe, publishes so comprehensive and detailed an account of its railroads, as is contained in the large volume before us. The book contains nearly one thousand pages, and its annual statements during the last ten years have been so familiar in Europe and in this country, that if Mr. Poor were to cease his valuable publication a hiatus in financial statistics would be produced which bankers and railroad men all over the world would find it very difficult to compensate. We regret to see that in the introduction to this elaborate work less attention has been given of late years to the foreign network of railroads. But the omission is more than made up by the increased labor bestowed upon the statistics of our American railroads. As we have lately given a full account of this portion of Mr. Poor's work, and purpose shortly to take it up again, we need not now refer to it. With regard to the railroads of the whole world, Mr. Poor reports their total length at 194,836 miles, against 184,652 miles in 1875, 129,852 miles in 1870, 89,505 miles in 1865, and 66,354 miles in 1860. From these figures, it appears that during the last sixteen years, nearly 130,000 miles of new railroad have been built. Of this aggregate, fifty-one thousand miles have been opened on this continent, and sixty-two thousand miles in Europe. The whole net-work of railroads in Europe is now reported at 93,415 miles, while that of the United States is 77,470 miles. If we add together the railroads of all the countries in Europe except Russia and Sweden, we shall find that those countries, in the aggregate, have no more mileage than the United States. If any of our readers supposes that the work of railroad extension has ceased since the panic of 1873, he would do well to buy a copy of Mr. Poor's book, and set his mind right in regard to one of the most important commercial and financial questions of the day.

The Conflict between Labor and Capital. By ALBERT S. BOLLES. Philadelphia: J. B. Lippincott & Co. 1877.

Considering the reputation which Americans enjoy among themselves and in foreign countries, of keeping their eyes open so as to see whatever is visible during their travels, and of possessing a wonderful facility of utterance, so as both to ask interminable questions, and to tell all that they know, if not more, it is somewhat surprising that we have not a larger number of books like the excellent little work which Mr. Albert S. Bolles has just produced. Mr. Bolles is favorably known to the readers of this Magazine, whose pages have been enriched in former years by his thoughtful, copious and suggestive essays. As the editor of a New England newspaper, Mr. Bolles has been accustomed to discuss the labor question from various points of view in his own country. In 1875, he went abroad, and carried with him the ripe results of many years of American investigation, desiring to verify the deductions which he had made, by comparing them with the facts of every day-experience in Europe. We presume, though nothing is said on the subject, that this little book contains the substance of a series of letters written by Mr. Bolles to his own journal. However this may be, the book is well worthy of being treated on Horace's maxim, that every good work should be read and re-read by day, and then read again at night.

A Treatise on the law relating to the office and duties of Notaries Public throughout the United States. By JOHN PROFFATT, L.L.B. San Francisco; Sumner, Whitney & Co.: New York; Hurd & Houghton, 1877. Pp. 360.

The author's preface justifies the existence of this book by the statement that there is no other covering the same ground or supplying the same information. This statement is only true so far as it applies to a portion of the work. In the chapters relating to the acknowledgment of Deeds, of Affidavits, of Depositions, and of Commissioners of Deeds, the work is entitled to much merit. There are also fuller details than are found in any similar book as to the differences under the several State laws in the office and duties of a Notary, the requisites as to a Notarial seal, etc. In regard to the duties of a Notary relative to negotiable paper, these have been fully set forth in the "*Manual for Notaries and Bankers,*" which is well known to bankers throughout this country.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. RETURNING UNPAID COLLECTIONS.

Is there any established rule among banks as to the return to correspondents of collection paper immediately after protest or maturity? Do we incur any liability if we hold such paper on the promise of the payer to take it up in a few days?

REPLY.—It is best, as a rule, to return such paper at once. A bank *holding* collection paper after its protest, instead of returning at once to the remitting correspondent, incurs liability only in case that loss should result from any delay in returning. It might happen, for example, that proceedings against an indorser could result in payment, if pressed to-day, but would fail if omitted for a week or two. Custom and prudence, therefore, require that unpaid paper be returned promptly.

At the same time, the collecting bank sometimes does well to wait when it has good reason to believe that by holding the paper for a very brief time it can get the money out of the payer. It is one of those points where exceptions may be made, when prudence and common sense unite to justify them. But nothing like an agreement to allow the payer any fixed time can be permitted, lest the indorsers be thereby released.

II. THE CERTIFICATION OF CHECKS.

A draws a check upon the bank where he deals, gets it certified, and presents it to another bank in payment of his note. The check is presented in the due course of business, but in the meantime, the certifying bank has failed. Does the acceptance of a certified check as above, release the drawer?

REPLY.—It is of course understood that if a bank holding a note should receive for it a check uncertified, and afterwards send the check to the bank on whom drawn for certification, the drawer is, by the act of certification, unquestionably released. But if the party who is to pay the note bring, in payment of it, a check already certified, he is in effect an *indorser after certification*, and in our judgment is just as much held as if the check were not cer-

tified. In the one case, the holder of the note has an opportunity to get the money for the check, but takes the certification in its stead. In the other case the holder is entitled to a reasonable time to get the money.

III. The Issuing of Duplicate Checks.

A depositor loses a check payable to *bearer*. After a reasonable time he presents a check from the same parties, presumably a duplicate, for the same amount, marked across its *face* "duplicate," payable to *order*, which is paid. The point is: Is the risk of issuing a duplicate of a check payable to bearer, with the drawer, or with the bank? The original being to bearer is liable to be paid, identification being unnecessary. Does the word "duplicate" make it the duty of the bank to keep track of and refuse payment of the original check? Is it not the same as a bond or currency, and can a duplicate be issued for a check payable to bearer?

Reply.—A duplicate can be *issued* of a check payable to bearer. A bank paying a duplicate check does so with the understanding that the original is unpaid, and if the original be paid, before or after payment of the duplicate, the second payment is at the risk of the paying bank.

The issuing of duplicates of checks payable to bearer, is however, an act of very questionable propriety, and should never be done without good reasons and adequate guarantee of security. Of course the trouble involved as well as the risk, to the bank which must keep track of the checks, are very considerable and extremely annoying. If the duplicate of a check be issued, the drawer ought, in proper courtesy, to give notice of the act to the bank on which it is drawn. There are some banks which construe such notice as authority to *stop payment* of the original should it be presented first. The whole business of issuing duplicates of ordinary checks is a nuisance.

In the case described, the check payable to *order* is not properly a duplicate of the one payable to *bearer*, the tenor of the instrument being different.

IV. "Joint and Several" Notes.

A, B and C sign a note "jointly and severally" payable to a bank ninety days after date. At maturity A asks an extension of ninety days, and pays the interest in advance, the bank writing on back of note "Extended ninety days." Before the expiration of the renewed time A fails. Can the bank collect of B and C, and does it make any difference if the bank is aware that B and C derived no benefit from the note?

Reply.—The giving of further time to one of the makers of a *joint and several* note is no discharge to the other joint parties. Each maker is held as if the note were his own singly.

V. Release of Indorsers by Extension of Time.

I understand that if a note is protested to hold an indorser, and is subsequently extended without his consent being secured, that the indorser is released from liability. Now if the indorser had *waived* "Protest and Notice," would his position be changed? Could the payee extend the note without getting his consent, and continue to hold him liable?

Reply.—No. The waiver applies to nothing beyond the mere acts of protest and notice. No new contract is authorized unless expressly stated. The waiver must include the agreement that further time may be given without the liability of the endorser being affected thereby, or any extension of time will release the indorser.

VI. Grace in Sight Drafts.

Do drafts drawn "at sight" have three days grace in all the States, as they do in this State? Please answer through the Magazine.

Reply.—Grace on sight drafts is allowed only in Alabama, Arkansas, Dakota, Indiana, Iowa, Kentucky, Maine, Massachusetts, Michigan, Minnesota, Mississippi, Montana, Nebraska, New Hampshire, New Jersey, North Carolina, Oregon, Rhode Island, South Carolina, Utah, Wisconsin, and Wyoming. In some of the States there are Statutes which provide for it; in others custom only furnishes the rule.

Our correspondent has had this information before him every day for years, as it is one of the regular tables of the Banker's Almanac and Register.

BANKING AND CURRENCY IN JAPAN.

The *Free and Domestic Price Current*, of Tokio, presents the following summary of the progress of the banking interest in Japan:

"As the people know, the establishment of national banks is increasing day by day, but we have not obtained any correct reports of their operations. We intend, however, to show our readers the number of banks which have been established by permission of the government, together with their resources and situation:

Banks	*Situation.*	*Capital.*
1st National Bank......	Tokio....................	1,500,000 yen
2d " "	Yokohama..............	300,000 "
3d " "	Tokio....................	200,000 "
4th " "	Niigata..................	300,000 "
5th " "	Tokio....................	300,000 "
6th " "	Fukushima.............	100,000 "
7th " "	Tanezaki (Tosa)......	100,000 "
8th " "	Toyohashi (Mikawa)	100,000 "
9th " "	Kunamoto (Higo)....	100,000 "
10th " "	Kofu......................	150,000 "
11th " "	Nagoya..................	100,000 "
12th " "	Kanazawa (Kasiu)...	200,000 "
13th " "	Osaka....................	250,000 "
14th " "	Matsumoto (Shinsiu)	100,000 "
15th " "	Tokio....................	17,826,100 "
16th " "	Gifu......................	50,000 "
17th " "	Hakata..................	100,000 "
18th " "	Nagasaki................	150,000 "
19th " "	Uyeta (Shinsiu)......	100,000 "
20th " "	Tokio....................	250,000 "
Total..		22,276,100 yen.

"Of the total sum of the capital it is estimated that there may be seventeen million, eight hundred and twenty thousand, eight hundred and eighty (17,820,880) yen (the yen is nearly equal to a dollar) in bank notes in circulation. But at the present time there are only five million five hundred thousand (5,500,000) yen in circulation. There is, however, a likelihood that the large sum mentioned above will be reached. Beside this amount, the government has in circulation ninety-four million, fifty-four thousand, seven hundred and thirty-one (94,054,731) yen in paper money. Therefore the estimate of what is in circulation and what may be put in circulation amount to about one hundred and eleven million, eight hundred and seventy-five thousand, six hundred and eleven (111,875,611) yen in paper money, which will average three yen seventy-three sen (3.73) per head of the population of the country."

THE NEW BANKING LAW OF MISSOURI.

The Act which went into effect on August 1st was the means of precipitating, by its stringent provisions, the recent suspensions and failures among the savings banks of St. Louis. The law provides that five or more persons may form themselves into a corporation for the purpose of conducting a general banking business. The cash capital of this corporation shall in no case be less than $10,000, nor more than $500,000; in cities and counties having a population of 150,000 and over, the capital must be $100,000 before transacting any business. All of its capital stock must be subscribed, and one-half of its stated cash capital shall be actually paid up in current funds, and the remaining half paid in cash within one year from the date of commencing business. Each corporation shall make a statement of its financial condition at the close of any one day designated by the Secretary of State, at least twice a year, and this statement shall be certified to under oath by the President and Secretary of the bank, and attested by three of the directors. The failure to make such a statement is punishable by a fine of not more than $5,000, or imprisonment for not longer than one year. No dividends shall be declared when the capital stock has become impaired, so that it is not worth in good resources the full amount paid in after the payment of all liabilities. When the capital stock has become impaired to the extent of twenty-five per cent. by reason of bad loans or otherwise, the bank must cease to do business, unless the stockholders make it good by assessments within sixty days. No corporation shall hold more real estate than is necessary for the accommodation of its business, but it may hold mortgages and deeds of trust, and may purchase property sold under the same, property sold under executions for collections due, and may take private conveyances, if necessary, to protect their interest, and may dispose of all kinds of property acquired either as collateral security or in the ordinary collection of debts. No corporation shall contract a debt of over fifty per cent. of its capital stock, nor shall it allow any individual or corporation to become indebted to it in excess of that amount, and it shall not hold the name of any officer of any corporation as principal security or indorser upon paper to any greater amount, unless United States or State bonds, warehouse receipts, or other collateral security to an amount of ten per cent. in excess of the indebtedness be given.

Any officer of a bank knowingly or fraudulently aiding in its mismanagement, from which loss may accrue to any person, shall be held liable to such persons to the full amount of the loss. He may also be proceeded against criminally. The cashier of a bank must give a bond in such sum as the directors may indicate. No person except a bona fide owner of two shares of stock in the bank can be one of its directors, and no person can be a director in two corporations at the same time. No President, Director, Cashier, or other officer, shall receive or consent to the reception of deposits, or create any indebtedness after becoming aware that the institution has become insolvent or is in failing circumstances; and, in case of a violation of this clause, the person violating it is held individually reponsible for the amount involved. Any director having paid more than his share of the liabilities may have the proper remedy at law against such others as have not paid their shares.

The employment of the capital and funds of private banks in borrowing and loaning are regulated in the same manner as above indicated for savings banks, and every violation of the section is a misdemeanor punishable by a fine of not less than $5,000, or by confinement in the county jail for not less than six months nor more than one year, or by both fine and imprisonment. The sections concerning semi-annual statements to be made by savings banks apply likewise to private banks.

BANKING AND FINANCIAL ITEMS.

CALLS OF FIVE-TWENTY BOFDS.—The Treasury Department, on July 27th, issued the fifty-third call for the redemption of Five-twenty Bonds of 1865, being for $10,000,000 consols of 1865, of which $3,000,000 are registered and $7,000,000 coupon bonds. The principal and interest will be paid at the Treasury, October 27, and the interest will cease on that day. The numbers are as follows, all inclusive:

Coupon.—$50, Nos. 30,001 to 40,000; $100, Nos. 52,001 to 66,000, $500, Nos. 42,001 to 50,000; $1,000, Nos. 75,001 to 85,000. Total coupon, $7,000,000.

Registered.—$50, Nos. 1,157 to 1,400; $100, Nos. 10.501 to 11,900; $500, Nos. 7,201 to 7,750; $1,000, Nos. 23,001 to 25,100; $5,000, Nos. 6,701 to 7,300; $10,000, Nos. 7,881 to 11,750. Total Registered, $3,000,000.

The *Fifty-Fourth call*, being for $10,000,000, consols of 1865, was issued on August 3d, and matures November 3d, the numbers being as follows:

Coupon—$50, Nos. 40,001 to 44,000; $100, Nos. 66,001 to 76,000; $500, Nos. 50,001 to 57,000; $1,000, Nos. 85,001 to 96,000. Total coupon, $7,000,000.

Registered.—$50, Nos. 1,401 to 1,600; $100, Nos. 11,901 to 13,100; $500, Nos. 7,751 to 8,300; $1,000, Nos. 25,101 to 27,400; $5,000, Nos. 7,301 to 7,650; $10,000, Nos. 11,751 to 13,550. Total registered, $3,000,000.

BANK TAXATION.—The Comptroller of the Currency has sent to all banks throughout the United States a circular, asking them to furnish a statement of the amount of *all* taxes paid by the bank, to State, county, city, town, or other municipal authorities, for the year 1876. Information is also requested whether any taxes were assessed upon the stock of the bank, and paid, or to be paid, by the shareholders, as upon personal property, and the amount of such taxes. Also the amount expended by the bank for internal revenue stamps, during the year.

The statements are not to be published in detail, but the information asked for is to be summarized for the Comptroller's Annual Report to Congress.

NEW YORK.—The semi-annual statement of the Bank Clerks' Mutual Benefit Association, shows the number of active members to be 1,087. The Permanent Fund has been increased since January 1, by donations amounting to $1,337. The assets of the Association now consist of the following: Permanent Fund, $55,744,000; Permanent Fund Interest Account, $16,067.99; Cash in hands of Treasurer, $5,105.62. Total assets, July, 1877, $76,917.61.

CALIFORNIA.—The San Francisco Clearing House has, for the convenience of bankers, issued silver certificates to the amount of $140,000, in denominations of $100, $500 and $1,000. These are secured by deposits of silver to their respective amounts, in the London and San Francisco Bank, sealed and on special deposit. A great deal of labor in the handling of heavy amounts of silver coin is thus avoided.

Withdrawal.—The Merchants' Exchange Bank of San Francisco announces that it will go into liquidation immediately. The liquidation is caused by a plethora of idle capital, stagnation in mercantile and stock circles, and decreased business under ruinous competition. The bank is perfectly solvent, and will pay dollar for dollar.

CONNECTICUT.—A. H. Curtis, Treasurer of the Meriden Savings Bank, and also City Treasurer, dropped dead in the bank at half past eleven Monday, July 23d. He was about sixty years old, and very popular.

Hartford.—The stockholders of the Farmers and Mechanics' National Bank, of Hartford, have voted to reduce the capital to $773,500, from $1,105,000, the former amount of capital. No opposition was manifested toward the plan, and it was carried through unanimously, 9,206 votes being cast, an excess of 1,839 of the two-thirds vote required by law. The thirty per cent. reduction leaves the capital at $773,500, and the directors were authorized, if they deem it expedient, to buy up $23,500 for cancellation, leaving the capital just three-quarters of a million dollars. This reduction, together with the disappearance of a surplus of about $300,000, represents the loss incurred by the acts of the officers recently sent to the State prison.

MARYLAND.—A. D. Schaeffer, Cashier of the Farmers and Mechanics' Bank of Westminster, Md., committed suicide on August 14th, by cutting his throat with a razor. It is stated that Mr. Schaeffer had discounted paper for parties to an amount in excess of the limit prescribed by the National Bank Act—viz: one-tenth of its capital to any one firm. The unexpected appearance of the Bank Examiner is supposed to have led Mr. Schaffer to take his own life through fear of the exposure and the blame which would follow.

MISSOURI.—The new banking law of this State went into operation on August 1st. We give on page 228 a synopsis of its provisions, some of which are very severe.

St. Louis.—The Bremen Savings Bank re-opened for business on August 1st, after a suspension of fourteen days. The stockholders came forward and increased their subscriptions so as to enable the bank to comply with the requirements of the new banking law of the State. It will now go on with an unimpaired capital of $100,000.

Efforts are being made for the consummation of arrangements by which the German bank and the North St. Louis Savings Association shall each resume business. At a meeting of the depositors of the German Bank, held August 10th, a proposition was presented in behalf of the stockholders, that the depositors should receive in payment of their claims one-third in paid-up stock of the new bank which is to be formed, one-third in cash when the bank is opened, and the remaining one-third in ninety days thereafter. This proposition was accepted by all but two of the depositors present. The smaller depositors of $100 or under it is proposed to pay in full. The North St. Louis Savings Association hope to secure new stock subscriptions to the amount of $300,000, it being reported that a large number of the depositors are willing to accept an arrangement to receive stock in exchange for their certificates of deposit.

The Bank of St. Louis is paying fifty per cent. of deposits due, and advertises that it will pay the balance at as early a day as possible.

The Franklin Savings Institute ceased operations on August 8th, and has turned over all its liabilities and assets to the United States Savings Institution, by whom checks and certificates of deposit on the Franklin are paid on presentation. The capital of the Franklin was $150,000, which is largely if not entirely sunk.

THE TRIAL OF THE BANK SUPERINTENDENT.—The special session of the Senate of New York was ended on August 18th, the proceedings of the trial of Mr. Dewitt C. Ellis being then closed, and the injunction of secrecy was removed. The vote was twenty-one for removal to ten against, accompanied by a resolution that Mr. Ellis had not been guilty of any intentional wrong.

Senator Jacobs moved that the next Legislature be requested to pay Mr. Ellis, from the bank fund, his expenses for defending himself The motion being opposed, it was withdrawn, and the Senate adjourned *sine die.*

DIVIDENDS.—The Comptroller of the Currency has declared a dividend of fifteen per cent. in favor of the creditors of the National Bank of the State of Missouri, St. Louis, and a second dividend of ten per cent. in favor of the creditors of the First National Bank of Duluth.

LOST.—Two volumes (I and II,) of the "FINANCIAL REGISTER" of 1837 and 1838, or thereabouts. The borrower is requested to return them immediately to the office of the BANKER'S MAGAZINE.

OBITUARY.

GILLISON MAGHEE, Vice-President of the Commercial Bank of this city, died at his house at Orange, N. J., on August 8th. Mr. Maghee had been interested for twenty-five years in the dry goods trade at Evansville, Ind., and for a number of years past was the New York representative of G. Maghee & Co., a prominent house in that city. He had been Vice-President of the Commercial Bank since its organization two years ago. His age was about sixty years.

MR. BENJAMIN CARTWRIGHT, for forty-six years connected with the City Bank of New York, died at his residence in Newark, N. J., on Sunday, August 12th. Mr. Cartwright entered the City Bank when a lad, in the lowest position, and thence rose to be Cashier, occupying that office for about twenty-five years. Some months ago he resigned, owing to ill health. Mr. Cartwright was also a Director in the National State Bank of Newark. His close devotion to business duties is evinced by the fact that he was never in his life farther away than ten miles from New York city.

COLONEL PETER KINNEY, President of the Kinney National Bank of Portsmouth, Ohio, died in that city on August 13th, after a few days illness, in his seventy-second year. He was born in Portsmouth, was one of the originators of the Scioto and Hocking Valley Railroad, served with distinction as Colonel of the Fifty-sixth Ohio Volunteers, and was one of the oldest bankers in the State, having been engaged in the banking business over forty-five years.

JAMES SAYRE, who died at his home in Utica, N. Y., in April last, had been a Director, for thirty-five years, of the Oneida (now Oneida National) Bank, and was its President for seventeen years. Mr. Sayre was also a Director in the United States Branch Bank, at Utica, and had always been identified with the banking interest of that city.

ABNER MERRILL, of Exeter, N. H., died in that town July 23d, in his eighty-seventh year. In February, 1858, Mr. Merrill was elected a Director in the Granite State Bank, and in April, 1862, he was chosen its President. This position he retained in this bank, and its successor, the National Granite State Bank, until January, 1876, when he declined a re-election and was succeeded by his eldest son, Mr. Jeremiah L. Merrill. He remained, however, in the board of direction until his death, making a continuous service as Director for nearly twenty years. The good judgment, clear foresight and close business habits of Mr. Merrill resulted in his acquisition of a handsome competency.

GEORGE H. BUSSING, for over twenty-five years a banker in Cincinnati, died in that city on Sunday, August 19th. Mr. Bussing was born in Oldenburg, Germany, in 1816, migrating to this country in 1832. He was the principal owner of the Walnut Street Bank of Cincinnati, and by his sagacity and prudence has left a handsome fortune to his family. Mr. Bussing was much esteemed by those who knew him. His will provides that his capital in the Walnut Street Bank is to remain intact.

ALFRED B. SAFFORD, Cashier of the City National Bank of Cairo, Illinois, died of apoplexy at Burlington, Vermont, on July 26th. Mr. Safford was a prominent and highly esteemed citizen of Cairo, where he had enjoyed for many years a large share of public confidence and regard. He was also President of the Enterprise Savings Bank, of which and the City Bank, he was the original founder.

DANIEL D. RYRIE, Cashier of the First National Bank of Alton, Illinois, who died July 2d, was a native of Scotland, and emigrated with his parents, when twelve years old, to Alton, where he had since resided, a period of forty years. He entered mercantile life at an early age, and became a wholesale grocer. Subsequently he was connected with the C. & A. Railroad, then with the Alton Mutual Insurance and Savings Company, and finally with the First National Bank. Besides his business ability, Mr. Ryrie was valued as a man of pure character, of perfect integrity, modest and unassuming, and trusted implicitly by his fellow men.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE—1877.

Prepared by HASSLER & CO., 7 Wall Street.

(*For preceding Six Months see* BANKER'S MAGAZINE *for February*, 1877.)

Stocks.	January.		February.		March.		April.		May.		June.	
	Lowest.	*Highest.*	*Lowest*	*Highest.*	*Lowest.*	*Highest.*	*Lowest.*	*Highest.*	*Lowest.*	*Highest.*	*Lowest.*	*Highest.*
U. S. Six per cts. of 1881, Coupon Bonds...	113⅜	114⅞	111¾	114½	111⅝	113⅜	112½	114¼	114⅛	115¾	114⅝	115⅛
" Five-Twenty of 1865, " " ...	108¼	109½	107¾	108½	107¼	108½	108⅝	111½	—	—	—	—
" " 1865, New " ...	109¼	110⅞	108⅜	110¾	108	109½	108½	110½	110⅜	111¾	109⅛	110
" " 1867......................	112⅛	114	111⅜	113½	111⅛	112⅞	111⅜	113	113	114⅜	112⅜	113¼
" " 1868......................	114¾	117½	114½	116⅞	113	114½	113⅜	115⅛	115	116	115½	116½
" Ten-Forty Coupon Bonds..............	112⅞	114½	113⅜	114⅞	110⅝	111½	111½	113	112⅞	113¾	112½	113
" Five per cents. of 1881, Coupons...	111	112⅝	109¼	111⅛	109⅛	110¾	110½	112¼	110⅞	112	110⅞	112
" Six per cents. Currency................	121⅞	123⅜	122½	123¾	122⅜	123⅜	123⅜	124¾	125⅛	125½	122	122⅞
Canton Company, Baltimore..................	28	28	—	—	26	26	20	20	20	20	—	—
Delaware and Hudson Canal Company....	56½	74½	45	62½	46⅛	53¼	36	50¼	35⅞	50¼	25½	37⅞
Consolidated Coal Company of Maryland...	34	38	31	33	30	33½	25	27	24	24	22	26
Quicksilver Mining Company..................	14	16	14	16	14	17¼	13	15	14½	15½	14	15
" " " Preferred......	21	22	20⅜	23	21⅝	25½	19⅞	21¼	22	23⅝	21½	22
Mariposa Land and Mining Company......	5⅛	8¼	4¾	6⅜	5⅞	6¾	3	4½	2½	5	1	1
" " " " Pref....	5¼	8½	4½	7	6	9	3⅜	5	2½	4¾	1⅞	2½
Western Union Telegraph Company........	71	78	62¾	77	57¾	66¼	56	64⅞	60⅞	66	56⅜	63⅛
Pacific Mail Steamship Company............	23⅝	25¾	24⅝	26⅛	18¼	25⅛	12⅞	22½	19¾	23⅝	18⅝	20⅞
Adams Express Company.....................	100¼	105	102	104¾	100	103	91	100¾	95½	100½	92⅞	96
Wells, Fargo & Co. Express Company....	84	89	82⅞	84¾	83	83½	82	84	83	84	84	90
American Express Company..................	56½	58	57¼	60¼	47	59	50	54¾	45½	54½	43¾	47½
United States Express Company............	49	59¾	48	52½	43	50	36	45	40	42	39⅞	47

N. Y. Central and Hudson River R. R.	100⅛	104⅜	91⅛	102¼	89⅝	98	85¼	94¼	88⅞	96⅛	88	93
Erie Railway	9⅜	10⅞	7	9¾	5	8	4⅜	7¼	6¼	7¼	5⅜	6¾
" Preferred	16	16	17	18¼	15	18	14½	17	—	—	—	—
Harlem Railroad	136	141	135	140¼	136	140	135	139	137	144	136½	141½
" " Pref.	—	—	135	135	—	—	139	139	—	—	—	—
N. Y., New Haven and Hartford R. R.	151	152½	151	153	151⅝	152½	146	152	147	152½	149	153
Michigan Central Railroad Company	45½	50¼	40½	47½	35⅞	44⅝	35⅝	42½	38⅛	46⅛	37½	41⅞
Lake Shore and Michigan Southern R. R.	53½	57⅞	47¼	55½	45⅝	52⅛	45	51⅝	47⅞	54⅜	46	48⅞
Panama Railroad Company	128	128	122	126	118	130	80	120	89	98½	94½	97
Union Pacific Railroad Company	59¾	65¼	64	68	66½	73	63½	69	65	69	63⅝	69¼
Illinois Central Railroad Company	50½	65½	51	53⅝	41¾	54	40½	58	50¼	59½	48	55⅛
Cleveland and Pittsburgh Railroad Co.	89½	93	87½	93	89	90½	79¼	89½	83½	88¼	72¼	84½
" Col., Cin. and Ind. Railroad	33½	39	21	33	24½	27½	19½	27	25	33	22	24
Chicago, Rock Island and Pacific R. R.	99¾	102⅞	97¾	102¼	99¼	102⅜	82½	98	90⅛	95¾	90¼	93⅛
Pittsburgh, Ft. Wayne and Chicago R. R.	100½	101⅜	99	101½	97½	100¼	85	99	94	97	81½	93⅞
Chicago, Burlington and Quincy Railroad	116⅜	118⅞	109	117½	94	109½	96	104	99	102½	95½	101
" and Alton Railroad Company	99½	102	95	103	89¾	95¾	84	91½	77	91½	75½	82¼
" " " Preferred	109	110¾	105¾	112	101	106	105	105	106	106	99	101
" and Northwestern Railroad Co.	34⅝	37⅛	30½	35	31½	34¾	15	32	19⅛	24½	18⅞	21½
" " " Pref.	55½	58⅜	48½	56¼	50	54¾	37¾	50⅛	43⅝	50⅞	43¾	48½
" Milwaukee and St. Paul R. R.	17⅛	21	16⅝	19⅜	17½	19⅛	11	19⅛	17½	20⅜	18	21⅜
" " " Pref.	46⅛	54¼	46¼	49⅝	45½	47⅝	40⅞	49¼	46⅛	51⅜	47⅜	51⅞
St Louis and Iron Mountain R. R.	11¼	13	11	11¼	10	11	5	8	4⅞	5⅞	5	6
Pacific Railroad Company of Missouri	1¼	3½	2¾	3½	2¾	2¾	—	—	2	2	—	—
St. Louis, Kansas City and N. R. R.	4¾	5	4½	4½	4	4¼	3½	3½	4	5¼	3¼	5⅛
" " " " Pref.	24	25	—	—	23	25	20¾	24¼	25	28¾	20½	22
Del., Lackawanna and West. R. R. Co.	67½	77	60⅝	70½	56¼	66⅞	42¾	60⅜	38¾	53⅞	30⅞	40⅝
Morris and Essex Railroad Company	90	92½	79	90½	80¼	86¾	57½	81¾	66	78¾	51¼	69¾
New Jersey Central Railroad Company	21¼	37¾	10	28⅛	7½	10⅝	7½	9⅛	6⅝	9½	6	7½
Rensselaer and Saratoga Railroad Co.	109	111	96	109½	95	97½	87	96	98	100	90	93
Ohio and Mississippi Railroad Company	5⅞	7¾	5¼	7	4	6⅜	3	4¾	4⅜	6¼	2⅝	5⅛
" " " Pref.	10⅞	13	8	9½	8	11½	7½	8	12	12	5⅝	7
Hannibal and St. Joseph Railroad	12½	15¾	9	13	10½	12	7	11	10⅜	14	11¾	15
" " " Pref.	26	30	20	26¼	20	23	17	22⅛	21½	26	22½	28⅝
Col., Chicago and Ind. Central Railroad	2½	3½	2¼	2¾	1½	2¼	2⅛	2¼	1½	2	⅞	1½
Wabash, Pur. Comp. Receipts	7¼	6	8¼	6¼	5⅞	3½	6	3	5	2¼	2½	½

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from August No., page 154.)

State.	*Place and Capital.*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
IND.	Angola	Angola Bank, (A. Osborn, *Cas.*)	Ninth National Bank.
KANSAS.	Council Grove.	J. W. Simcock & Co.	Donnell, Lawson & Co.
"	Russell	Russell Bank (Ackerman & Copeland)	Donnell, Lawson & Co.
MICH.	Eaton Rapids. $50,000	First National Bank. Andrew J. Bowne, *Pr.*	Fourth National Bank. F. H. DeGolia, *Cas.*
"	Maple Valley	Kearney & Loughlin	Second National Bank, Detroit.
NEB.	York	York County Bank. N. C. Rogers, *Pr.*	Union National Bank, Chicago. C. Langworthy, *Cas.*
OHIO	Columbus	People's Deposit Bank. J. H. Anderson, *Pr.*	Imp. & Traders' Nat. Bank. H. L. Shepherd, *Cas.*

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

Authorized to August 22, 1877.

No.	*Name and Place.*	*President and Cashier.*	*Capital.* *Authorized.*	*Capital.* *Paid.*
2367	First National Bank. Eaton Rapids, MICH.	Andrew J. Bowne. Frank H. DeGolia.	$50,000	$30,000

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from August No., page 155.)

	Name of Bank.	*Elected.*	*In place of*
ALA.	Southern Bank, Mobile	H. O. Schroeder, *Pr.*	F. E. Stollenwerck.
CAL.	Bank of Healdsburg, Healdsburg	Jonas Bloom, *Pr.*	J. N. Bailhache.
		John N. Bailhache, *Cas.*	C. E. Hutton.
ILL.	First National Bank, Alton	John L. Blair, *V. P.*	J. E. Hayner.
		J. E. Hayner, *Cas.*	D. D. Ryrie.*
"	People's Bank, Belleville	Sebastian Fietsam, *Pr.*	F. H. Pieper.
		E. D. Usner, *Cas.*	A. G. Badgley.
"	First National B'k, Mt. Carroll.	Owen P. Miles, *Act. Cas.*	H. A. Mills.*
IND.	Union Co. Nat. B'k, Liberty	H. Husted, *Cas.*	W. M. Clark.
IOWA	Monticello Bank, Monticello	H. M. Carpenter, *Cas.*	C. Langworthy.
"	Exchange Bank, Stuart	E. H. Conger, *Pr.*	G. G. Pierce.
		G. G. Pierce, *V. P.*	W. B. Conger.
		W. B. Conger, *Cas.*	A. H. Savage.
"	West Branch Bank	A. H. Graham, *Pr.*	J. Steer.
KANSAS.	People's National Bank, Ottawa	J. P. Harris, *V. P.*	P. Shiras.
		Peter Shiras, *Cas.*	B. C. McQuesten.
MAINE.	First National B'k, Richmond.	Joseph M. Odiorne, *Cas.*	J. Carney.
MD.	Far. & Mech. N.B., Westminster	W. A. Cunningham, *Cas.*	A. D. Schaeffer.*
MICH.	First National Bank, St. John's.	G. Will Ball, *Cas.*	S. S. Walker.
MINN.	State Nat. Bank, Minneapolis.	Joseph Dean, *Cas.*	R. J. Baldwin.
MO.	Scotland Co. Bank, Memphis.	J. W. Harris, *Pr.*	C. Mety.
N. Y.	Oneida National Bank, Utica.	A. J. Williams, *Pr.*	J. Sayre.*
OHIO	Second National Bank, Akron.	A. N. Sanford, *Cas.*	C. E. Collins.
"	Noble County National Bank, Caldwell	G. A. Smith, *Cas.*	C. T. Lewis.
		C. T. Lewis, *V. P.*	....
PENN.	First National Bank, Allegheny	Hugh S. Fleming, *Pr.*	J. Gallagher.
"	Tuna Valley Bank, Bradford	Claude A. Mitchell, *Cas.*	J. McGill.
"	Peoples' Sav. Inst., North East.	James Ronnalds, *Pr.*	E. E. Chambers.

* Deceased.

DISSOLVED OR DISCONTINUED.

(*Monthly List, continued from August No., page* 156.)

ILL.... Citizens' Bank, (Robert Nation) *Chebanse;* closing.
" .. People's Bank, (John Moses & Co.) *Winchester;* suspended, and resumed after examination by a committee of creditors.

KANSAS. Frank Playter & Brother, *Cherokee;* suspended.

MICH... Menominee Bank, *Menominee;* suspended.
" .. Lambertson Brothers, *Rochester;* gone out of business.

MO..... Bremen Savings Bank, *St. Louis;* resumed business.
" .. Franklin Savings Bank, *St. Louis;* discontinued. Assets and business transferred to the United States Savings Institution.
" .. J. G. Easton & Co., *Hannibal;* suspended.

OHIO... Traders' Bank, *Mechanicsburg;* retired—paying in full.

RECENT CHANGES OF TITLE, ETC.

(*Monthly List; continued from August No., page* 156.)

ILL.... Compton & Dexter, *Augusta;* now Compton & Lewis.
" .. Bank of Chatsworth, *Chatsworth;* now C. A. Wilson & Co.

IOWA... H. C. Johnson, *Morning Sun;* now Farmers & Merchants' Bank, J. P. Stevenson, *Cashier.*

MICH... Bowne, Combs & Co., *Eaton Rapids;* succeeded by First National Bank.

MO..... Plunkett & Merchant, *Brunswick;* suc. by Chariton County Exchange Bank.
" .. Farmers & Drovers' Bank, *Carthage;* now owned and managed by D. R. Goucher.

N.Y.... Leland, Chamberlain & Co., *Springville;* now Leland & Co.

OHIO... Exchange Bank, (L. Scott) *Waynesburg;* now J. L. Higley & Co.

PENN... Lawrence Savings B'k, *Pittsburgh;* now Lawrence B'k, under a State charter.

TEXAS.. James H. Simpson & Co., *Columbus;* now James H. Simpson.
" .. Gaston & Thomas, *Dallas;* consolidated with Exchange Bank.

THE PREMIUM ON GOLD AT NEW YORK.

JULY—AUGUST, 1877.

1876.	*Lowest.*	*Highest.*	1877.	*Lowest.*	*Highest.*	1877.	*Lowest.*	*Highest.*
July	11⅜	12⅜	July 25	5⅝	6	Aug. 10	5¼	5¼
August	9¾	12⅛	26	5½	5⅝	11	5¼	5¼
September	9¼	10⅜	27	5½	5⅝	13	5¼	5¼
October	8⅞	13¼	28	5½	5½	14	5¼	5¼
November	8⅛	10½	30	5¼	5⅝	15	5¼	5⅜
December	7	9	31	5¼	5⅜	16	5¼	5⅜
1877.			Aug. 1	5¼	5⅜	17	5¼	5⅜
January	5¼	7⅛	2	5⅜	5⅜	18	5¼	5⅜
February	4⅝	6	3	5⅜	5½	20	5	5¼
March	4¼	5⅜	4	5⅜	5½	21	4¾	5
April	4¾	7⅞	6	5½	5½	22	4½	4⅞
May	6¼	7⅜	7	5⅜	5½	23	4¼	4½
June	4¾	6⅜	8	5¼	5⅜	24	4⅛	4⅜
July	5⅛	6⅛	9	5¼	5⅜	25	3⅞	4⅛

NATIONAL BANKS OF THE UNITED STATES.

June, 1877.

Abstract of reports made to the Comptroller of the Currency, showing the condition of the National Banks of the UNITED STATES, at the close of business on Friday, June 22d, 1877; and also on May 12th, 1876; and May 1st, 1875.†

LIABILITIES.	1877. June 22. 2,078 banks.	1876. May 12. 2,089 banks.	1875. May 1. 2,045 banks.
Capital stock paid in	$481,044,771	$500,982,006	$497,717,143
Surplus fund	124,714,072	131,795,199	131,404,608
Other undivided profits	50,508,351	49,039,278	55,849,959
National bank notes outstanding*	290,002,057	300,261,760	322,522,330
State bank notes outstanding	521,620	657,385	813,079
Dividends unpaid	1,398,092	2,325,523	2,502,234
Individual deposits	636,267,529	612,354,979	692,558,620
United States deposits	7,187,431	8,493,995	6,797,972
Deposits of U. S. disburs'g officers	3,710,167	2,505,273	2,766,387
Due to other National Banks	121,443,601	127,880,045	127,083,238
Due to State banks and bankers	48,352,583	46,706,969	52,654,956
Notes and bills rediscounted	2,953,128	4,653,460	5,671,031
Bills payable	6,249,426	5,650,126	6,079,632
Aggregate Liabilities	$1,774,352,833	$1,793,306,002	$1,904,421,193
RESOURCES.			
Loans and discounts	$898,049,006	$936,395,949	$964,574,114
Overdrafts	3,682,409	3,499,136	3,979,383
U. S. bonds to secure circulation	337,754,100	344,537,350	377,026,900
U. S. bonds to secure deposits	14,971,000	14,128,000	14,372,200
U. S. bonds on hand	32,344,450	26,577,000	14,290,800
Other stocks, bonds & mortgages	35,653,330	30,905,195	29,102,197
Due from approved reserve ag'ts	82,077,882	86,769,083	80,620,878
Due from other National banks	44,567,303	44,328,609	45,980,330
Due from State banks & bankers	11,246,349	11,262,193	11,984,531
Real estate, furniture & fixtures	44,818,722	42,183,958	40,051,527
Current expenses and taxes paid	7,910,864	6,820,673	7,703,477
Premiums paid	10,320,699	10,414,347	8,413,874
Checks and other cash items	10,095,677	9,689,623	13,120,606
Exchanges for Clearing House	57,864,354	56,806,632	116,970,819
Bills of other National banks	20,182,948	20,347,964	19,465,359
Bills of State banks	———	———	24,681
Fractional currency	1,053,645	2,775,086	2,702,200
Legal-tender notes	78,004,386	79,858,661	83,980,928
Specie	21,393,129	21,714,856	9,986,961
U. S. certif. for dep. legal-tenders	44,410,000	27,380,000	38,655,000
Five-per-cent. Redemption fund	14,612,333	15,028,452	16,787,279
Due from U. S. Treasurer	3,340,241	1,883,227	5,627,142
Aggregate Resources	$1,774,352,833	$1,793,306,002	$1,904,421,193

* The amount of circulation outstanding on May 12, 1876, as shown by the books of this office, was $338,202,242, which amount includes the notes in circulation of banks which have failed, are in liquidation, or have deposited legal-tender notes under the act of June 20, 1874.

† This statement is exclusive of one bank in San Francisco, whose report was too late.

NOTES ON THE MONEY MARKET.

NEW YORK, AUGUST 25, 1877.

Exchange on London at sixty days' sight, 4.82½ *a* 4.83 *in gold.*

Several interesting features have begun to show themselves in the money market. The rates are advancing, and the reserves are falling. There is considerable speculative activity in the stock exchange, and a lively movement of prices has been artificially stimulated by interested parties. The prospects of the crops are so encouraging, and the war in Europe promises so large and trustworthy a market for our teeming harvests, that the strong combination of speculators who are engineering the market have abundant scope for ingenuity in multiplying arguments in favor of a fall rise in stocks.

On call loans the business is chiefly at two to five per cent., and on prime commercial paper at five to seven per cent., with a decided tendency in the rates to harden. The banks are also discriminating against long paper, and a conservative policy is in the ascendant. The greenback averages are falling, as is also the average of specie. The decrease in the surplus reserves is now down below thirteen millions. The other movements of the Clearing House banks will be seen in the subjoined table of the New York bank averages:

1877.	*Loans.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Deposits.*	*Excess of Reserve.*
July 28	$249,169,600	$13,984,100	$57,325,200	$15,517,900	$221,064,900	$16,043,075
Aug. 4	249,767,800	14,135,800	54,262,100	15,585,300	219,166,600	13,606,250
" 11	245,377,200	15,030,700	53,094,800	15,689,500	215,431,600	14,267,600
" 18	243.896,300	13,449,700	52,696,000	15,545,900	213,414,600	12,792,050

The Clearing-House exhibit of the Boston banks for the past month is as below:

1877.	*Loans.*	*Specie*	*Legal Tenders.*	*Deposits.*	*Circulation.*
July 28	$129,844,800	$1,753,000	$6,008,900	$72,127,800	$23,440,900
Aug. 4	129,167,500	1,762,100	5,938,700	72,240,100	23,346,800
" 11	128,787,400	1,827,100	6,359,300	71,207,800	23,500,600
" 18	129,311,700	1,693,500	6,436,600	71,168,100	23,475,800

The Philadelphia bank statements for the same time are as follows:

1877.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
July 28	$61,416,285	$1,253,386	$17,174,770	$53,329,167	$10,398,891
Aug. 4	61,048,595	1,299,145	16,508,255	53,346,689	10,417,785
" 11	61,142,285	1,266,194	15,144,508	50,443,923	10,448,640
" 18	60,940,112	1,215,877	14,603,286	49,647,779	10,453.248

The stock market has exhibited more excitement during the past few days than for a long period before. Government securities have declined slightly with gold, but the demand has been good from investors and financial institutions, as well as from the banks. The four per cents are now quoted at about par in gold. State bonds are neglected, but railroad bonds are active and strong, in sympathy with the upward tendency of railroad shares. The upward movement in railroad stocks has been steady and strong, but the future results are variously estimated, the general impression being thaf there are no outside buyers in the market, and that the advance has been chiefly due to the combinations among themselves of cliques of capitalists who held the stocks before the advance, and hold them now. One of the most conspicuous topics is the agreement lately made between the telegraph companies. By the terms of this compact as reported, the Western Union is to receive eighty-seven and one-half per cent. of the gross receipts of the two companies, and the Atlantic and Pacific twelve and one-half per cent. Besides this, Messrs. Keene & Sage are to convey to the Western Union Company 71,000 shares of Atlantic and Pacific stock at twenty-five, and take in payment, Western Union stock at seventy-two. Subjoined are our usual quotations:

QUOTATIONS:	*July* 27.	*August* 3.	*August* 10.	*August* 17.	*August* 24.
Gold	105½	105⅜	105¼	105⅜	104⅛
U. S. 5-20s, 1867 Coup.	109¼	109	108⅞	109¼	108¼
U. S. new 10-40s Coup.	112⅞	113	112¾	112⅞	112
West. Union Tel. Co.	67¾	73	72¾	78⅜	82½
N. Y. C. & Hudson R.	95	93¼	95⅜	97¼	101⅞
Lake Shore	51	50¾	53⅛	57⅛	64¾
Chicago & Rock Island	95½	94¼	95¾	97¾	101⅛
New Jersey Central	11	10⅝	12	14	18½
Del. Lack. & West.	41¾	42⅜	41⅞	47⅜	49¼
Delaware & Hudson	38	42	43	45½	48¾
North Western	21¼	22¼	22	25¼	32½
Pacific Mail	19⅝	20¾	21	23¼	24¾
Erie	8⅝	9⅛	9¾	10	10⅞
Call Loans	1½ @ 3	2 @ 6	2 @ 4	1½ @ 4	2 @ 3
Discounts	4 @ 8	4 @ 8	4 @ 8	4 @ 8	4 @ 8
Bills on London	4.86-4.87½	4.86-4.87½	4.85½-4.87	4.84-4.86	4.82½-4.85
Treasury balances, cur.	$50,330,703	$51,082,579	$50,199,905	$50,470,534	$49,461,776
Do. do. gold.	$84,066,445	$81,633,408	$81,300,130	$82,988,117	$83,936,996

Gold is lower, but shows more strength at the close. Considerable anxiety prevails as to the production for the current year of the precious metals on the Pacific slope.

The San Francisco *Bulletin*, to ascertain the gross bullion product of the principal mines in California, Nevada, Idaho, Utah, and Arizona, sent inquiries to fifty different mines, but received responses from only twenty-nine, and detailed returns from even a less number. It reports:

The twenty-nine claims show the following yield for the six months ended June 30, 1877, of twenty-nine mines in the following States and Territories: In Nevada, sixteen mines, $19,779,300; in California, ten mines, $1,789,100; in Utah, two mines, $906,500; in Arizona, one mine, $106,100. Total, $22,581,000.

There is probably as many more productive claims in the same States and Territories, but of course the individual yields in most cases is small. Still, if the aggregate could be obtained, it would show a very handsome sum. We are

well aware that some of the unreported mines have produced more bullion in the six months, than some we have mentioned. There are scores of productive claims in Arizona, Idaho, Oregon, Montana, and Colorado yet to hear from before the gross yield for the half year can be ascertained.

In connection with the new loan, some agitation has sprung up in consequence of reported trouble between one of the members of the new syndicate and some of their associates in the old one. When the old syndicate was formed for the four and one-half per cent. bonds, Messrs. Morton, Bliss & Co. were members of it, and represented the interest not only of their own firm, but of the United States Trust Company; the Merchants', American Exchange, and Third National banks, the Bank of New York, and Messrs. Kuhn, Loeb & Co. and Winslow, Lanier & Co. It is claimed that the arrangement which these corporations and individuals had with Messrs. Morton, Bliss & Co. was a sort of copartnership for the placing of United States bonds. The old Syndicate thus made up contracted with the Treasury for disposing of the residue of the 4½ per cents which were supposed to be 300 millions, and the parties above named shared the profits, and would have been assessed their proportion of any losses incident to the negotiation. Early in June it was rumored that Mr. Sherman was about to make a new contract with the Syndicate, believing that the credit of the United States was sufficiently good to justify an attempt to place the $700,000,000 four per cents authorized by Congress. No notice was given by Messrs. Morton, Bliss & Co. to their co-partners, but the Syndicate gave up the option to call for the last $100,000,000 of the $300,000,000 4½ per cents, covered by their contract expiring June 30, and entered into a new contract with the Treasury for the sale of $700,000,000 four per cents. The parties announced as making this contract were Messrs. Rothschild, J. S. Morgan & Co., Seligman Bros., and Morton, Rose & Co. of London, and Messrs. Belmont & Co., Drexel, Morgan & Co., J. & W. Seligman & Co. and Morton, Bliss & Co., and the First National Bank of New York. Neither the United States Trust Company, the Merchants' Bank, the American Exchange Bank, Third National Bank, the Bank of New York, nor Messrs. Kuhn, Loeb & Co. and Winslow, Lanier & Co. were represented in the new contract, and at this omission they complain. The agreement between them and Messrs. Morton, Bliss & Co. is claimed to have been terminable only after due notice, and this they did not receive. They say they they had a right to expect that in any contract which the Syndicate made they would be entitled to share the profits, as they were prepared to meet their proportion of the loss. There has been too much made of this quarrel, and some of the newspapers have gone so far as to say that it would not be decided without appealing to the courts. On inquiry, we do not find any reason for anticipating litigation. Arbitration will no doubt settle the controversy, respecting the merits of which there can scarcely be two opinions. The statement that this trouble between the members of the Syndicate have anything to do with the decline of the new four per cents in the market, is emphatically contradicted. The reason of that concession in the price of the four per cents was of a totally distinct character. The facts show that among the subscribers to the loan were a considerable number of needy and speculative purchasers, who only took the bonds that they might sell them again and make a profit. So certain were these speculators that the Syndicate would put

up the price of the bonds immediately after the books had closed, that they engaged to take more of the bonds than they could pay for, and when they found themselves in straits for money, they were obliged to throw their bonds on the market, so that the supply soon exceeded the demand, and the price at once fell. Other causes doubtless contributed to depress the market, but only to a subordinate degree.

DEATHS.

Near BALTIMORE, MD., on Thursday, August 2d, aged forty-four years, S. SPRIGG BELT, Cashier of the Franklin Bank of Baltimore.

At NEWARK, N. J., on Sunday, August 12th, aged sixty-two years, BENJAMIN CARTWRIGHT, formerly Cashier of the National City Bank of New York.

At SALISBURY, MASS., on Sunday, August 12th, aged seventy-two years, THOMAS J. CLARK, President of the Powow River National Bank.

At PORTSMOUTH, OHIO, on Monday, August 13, aged seventy-one years, PETER KINNEY, President of the Kinney National Bank.

At ORANGE, N. J., on Wednesday, August 8, aged sixty years, GILLISON MAGHEE, Vice-President of the Commercial Bank, New York.

At EXETER, N. H., on Monday, July 23d, aged eighty-seven years, ABNER MERRILL, formerly President of the National Granite State Bank.

At ALTON, ILLINOIS, on Monday, July 2d, aged fifty-two years, DANIEL D. RYRIE, Cashier of the First National Bank of Alton.

At BURLINGTON, VERMONT, on Thursday, July 26th, aged fifty-five years, ALFRED B. SAFFORD, Cashier of the City National Bank, of Cairo, Illinois.

At UTICA, N. Y., on Sunday, April 22, aged seventy-seven years, JAMES SAYRE, President of the Oneida National Bank.

At WESTMINSTER, MD., on Tuesday, August 14th, aged thirty-four years, A. D. SCHAEFFER, Cashier of the Farmers and Mechanics' Bank, of Westminster.

At PETERBORO, N. H., on Tuesday, August 14th, aged fifty-three years, AEBERT SMITH SCOTT, formerly Cashier of the First National Bank of Peterboro.

THE

BANKER'S MAGAZINE,

AND

Statistical Register.

Volume XII, Third Series. OCTOBER, 1877. No. 4.

THE BANK OF ENGLAND'S MINIMUM.

BY GEORGE WALKER.

One of the most remarkable results of the modern system of banking in England, under the act of 1844, is the fluctuation in the rate of discount. The principle now established is that the Bank rate shall be governed by the state of the reserve, that is, by the amount of available cash in the till of the Banking Department. If the reserve runs down the rate of discount is raised, if it accumulates the rate is reduced. The bank rate is also supposed to govern the outside or *street* rate, and to a great extent it does so, though, during the recent reign of cheap money, the street rate has been much below that of the bank, it being a fixed rule of that institution, under no circumstances, to put its minimum rate of discount below two per cent.

Still another link existed, until a very recent date, in the chain of financial relations; the rate of interest allowed by the Joint-Stock banks, private bankers and discount houses of London, for money on deposit, was, for many years, fixed at one per cent. below the Bank of England minimum rate of discount. This rule was uniformly maintained until a few years ago, when, on a certain occasion, in order to check a heavy drain of gold to Germany, the bank raised its rate to a point so much above the lending rate of the open market, that under the old rule, the Joint-Stock banks would have been obliged to pay more for deposits than their lending rate, the minimum of which is usually one per cent. above

their paying rate. They, therefore, for the first time, disregarded the rule, and it has not since been absolutely reëstablished.

The *Economist*, in its issues of July 14th and August 4th, has two interesting and valuable articles on the "Minimum rate of discount advertised by the Bank of England during the last twenty years, 1857–1876, and the inferences therefrom as regards the future." The maintenance by the Bank, of a uniform minimum of two per cent., during a period of 378 days, namely, from April 20th, 1876, to May 3d, 1877, presents a striking contrast to the instability of its rates in former years. The nearest approaches to it were in 1858, when it was three per cent. for 301 days; 1859, when it was two and a half per cent. for 288 days; and 1868, when it was two per cent. for 324 days. All these periods, it will be noted, were periods of cheap money; that is, of great business stagnation.

In the interval of twenty years, covered by the statement now published, the rate has fluctuated between two and ten per cent.; the latter being very unusual in England, and having only lasted for forty-five days in 1857, and ninety-six days in 1866, during the suspension of the Bank Act, which followed the crises of those years. The authorization by the Privy Council to suspend the provisions of the Act relating to the issue of notes, required this high rate to be maintained so long as the suspension lasted.

The changes of rate have also been very numerous—no less than 204 in the twenty years. On an average, there has been a change once in five weeks. During the most stable period, 1867 to 1872, there was, on an average, a change once in eight weeks, and during the most unstable, 1872 to 1874, once in three weeks. In 1873, the rate was raised eleven times, and lowered thirteen times, making twenty-four changes during the year. For the whole period, the average rate has been almost exactly four per cent., which, it may be noted, was, with a single exception, the uniform rate charged by the Bank of France for more than thirty years prior to 1852.

The current of recent discussions in Europe and this country indicates that it is now the prevailing opinion among bankers and financial experts, that the rate of discount chargeable by banks, should depend upon the same law of demand and supply which regulates the prices of all commodities—capital which the bank lends being itself a commodity, as much as the products or merchandise which that capital buys. The rise and fall of the rate of discount is, therefore, supposed to indicate the true state of the capital market, and the repressive or expansive influences which the lenders of capital ought to exercise over production and trade in conformity with this natural law. The writer in the

Economist says that, "the uniform testimony of the actual facts, over a long series of years, has convinced every one that, assuming ordinary prudence of management, the only control which banks, and especially the Bank of England, can exert over credit, markets, and prices, is by changes in the rate of interest." Such also was the prevailing opinion among the many eminent French and foreign witnesses who testified before the Superior Council of Commerce of France, in the celebrated Inquiry into Monetary and Credit Circulation, in 1865–66. In the language of M. De Lavenay, the Commissioner-General of the Inquiry, in his report to the Council, "if discounts were made wholly in specie—gold and silver—these metals, *being like any other species of merchandise, subject to the law of supply and demand*, it must be manifest to every one that the same law which governs every other kind of transaction must equally govern the business of discounting. Does the fact that a bank makes use of its own notes, instead of specie, in this business, exempt its discounts from the operation of that law which would regulate it if it paid out gold and silver? It is a recognized principle, that before all, and above all, the bank note should be constantly convertible into specie on demand. The bank must not, therefore, part with its notes, at a less price than it would charge for its gold and silver, because the receiver of the notes may return them instantly to the counter, and demand their equivalent in specie."

The passage quoted from the *Economist* would lead us to infer that the frequent changes in the rate of discount which we have cited have been dictated by corresponding conditions of the capital market, and have been put in operation by the Bank of England for the purpose of regulating credit and market prices. But do facts justify these conclusions? Is it possible that the supply of capital for trade purposes in England has been so fluctuating and that trade itself has been so unstable as these changes would, upon that hypothesis, indicate? Has the speed of the commercial machinery been so badly gauged as to require such constant interference of the "governor?" It is certain that in no other country has there been any such sensitiveness shown in the capital market; and no such sudden or frequent changes can possibly exist in the conditions under which production, exchange and consumption ordinarily go on. In the United States, although the average rate of discount is much higher than in England, it has also much more uniformity than these tables exhibit, and that not by reason of statutes against usury, but according to natural laws, as is apparent in those States, like Massachusetts and Connecticut, where the usury laws have been repealed. We are, therefore, constrained to believe, that the fluctuations in the advertised rates of the Bank of England are not due to natural laws which regulate the price of

capital, but to the existence of a highly artificial system, partly the result of law, but more largely of usages, which have grown up in the business of banking, and which have rendered the system extremely sensitive, and at times hazardous and injurious to the public welfare. The *Economist* recognizes this when it says that "it cannot admit of any question that changes, so incessant and harrassing, are a grave defect of the system under which they arise and become necessary."

Let us now consider what that system is, and from what causes it has resulted. So far as relates to the practice of the Bank of England, in raising and lowering its discount rate, we have already stated the essential facts. It needs only to add that this conduct of its banking business is made necessary by the *currency* provisions of the act of 1844. It is to protect the circulation, under the obligations imposed by law, that it is obliged to protect its reserve. The sole object of the Bank Act of 1844 was to regulate the paper currency of Great Britain. All its provisions look to that end, and to that end only. It does not profess to regulate the business of banking, though, by devolving on its principal establishment a duty of a wholly different character, that of maintaining the credit circulation within prescribed limits, it has subjected its banking business to onerous and unnatural restrictions. The very title of the act indicates its purpose. The act of 7th and 8th Victoria, chapter 32, is entitled, "An act *to regulate the issue of bank notes*, and to confer on the Governor and Company of the Bank of England, certain privileges for a limited period." The Bank of England is clothed with a monopoly in the increase of paper money beyond that actually in circulation in 1844. While the right of issue then enjoyed by certain provincial banks and bankers was not withdrawn, any increase of their note circulation was forbidden, and it was stipulated that they might voluntarily surrender the privilege to the Bank of England, subject to the consent of the Privy Council; and that all lapsed issues (as upon the failure or closing up of an issuing bank,) might be assumed by the Bank of England, subject to the same consent. For all such acquired circulation the Bank is authorized to deposit securities in the Issue Department, and take out notes against them to such an amount, not exceeding two-thirds of it, as may be determined by the Privy Council; the remaining one-third to be covered by specie. But as the Bank has already an unlimited right to take out circulation against a deposit of specie, the country issues would, in fact, be diminished one-third by its assumption of them. The plain purpose of the act was to put a stop to the increase of paper money uncovered by specie, and gradually to reduce its volume, and bring it under the régime of a unitary and automatic system. The average of notes in circulation for

twelve weeks prior to the 27th of April, 1844, was established as the limit of country issues, and the sum of fourteen millions sterling, being the amount of public securities authorized to be transferred to the Issue Department on the 31st of August, 1844, was the limit of credit circulation imposed upon the Bank of England. The latter amount has been since increased to fifteen millions by the transfer of country issues. This was a new departure in favor of hard money, and, whatever may be thought of the machinery, the purpose of it is thoroughly commendable. Whatever increase of circulating medium the expanding commerce of Great Britain might in future call for, was to be in gold and silver; for although bank notes might be issued against those metals, they were merely gold notes, representatives of coin actually in hand, and not a credit paper. It will be noted as an interesting fact, in this epoch of silver discussions, that Bank of England notes may be issued against silver bullion, as well as against gold. The amount of such bullion which the Issue Department may hold is, however, limited to one-fourth of the gold held by it in coin and bullion. But although silver can be received in deposit for notes, the latter can only be redeemed in gold, as silver is not a legal tender above the amount of forty shillings. It would appear, also, that there is no obligation under the act to issue notes against silver. The second section *prohibits* any future issue of notes by the Issue Department, (after the fourteen millions of securities shall have been lodged in it,) "either to the Banking Department, *or to any individual*, except in exchange for other Bank of England notes, gold coin, or gold or *silver bullion*, received or bought by the Issue Department, under the provisions of the act." This language might seem to imply an obligation to issue notes to individuals upon deposit of silver bullion, but the fourth section provides only that any individual can *demand* notes in exchange for gold bullion, at the rate of £3 17*s.* 9*d.* per ounce. Thus it seems that the Issue Department is not *required* to receive silver at all, and individuals are permitted to *demand* notes only on deposit of gold. It will also be noted that, while gold *coin* may be received, silver can only be received in the form of bullion, and consequently, at the market price. We are not aware that the statutory provisions respecting silver have been changed, although in point of fact, there is now no silver in the Issue Department; but the item "silver bullion" still appears in the weekly bank statement.

The practical effect of the act of 1844, in restraining the future issue of paper money in Great Britain, is shown by the fact, that while the production and commerce of the United Kingdom have been increased three-fold since its passage, there has been no material increase in the paper circulation, although the circulation of coin has been considerably

enlarged. With transactions so largely increased, there must necessarily be a more active use of the paper circulation, and as the supply of bank notes—credit paper—is strictly limited, and cannot be increased, the Bank of England is obliged to watch its note reserve very closely.

It might seem that its ability to discount is not to be measured by the amount of notes in its till, because a small part of discounts is usually drawn out in the form of circulation. But discounts are merely a method of granting credit, and that credit, if availed of at all—for it may be used only to swell the customer's balance—must be used either by transfer in account current to the credit of some other customer of the Bank, or by actual withdrawal of cash. Most banks can meet such a withdrawal by checks or drafts on some other institution, but the Bank of England keeps no funds outside of its own walls, (except at its branches,) and must, therefore, pay checks in either notes or gold. An increase of discounts either adds to its demand liability, by increasing its private deposits, or diminishes its reserve, and if its available cash is running down, it must, in order to protect its till, discourage discounts, by charging a higher rate for them. A drain of gold from the Bank means a reduction of the note circulation in the hands of the public, because gold can only be got out of the Issue Department in exchange for notes, and it must come from that department, because the Banking Department keeps only enough for its current uses. The public cannot, however, part with its circulating medium for any great length of time, and whatever amount of notes may have been deposited to get gold is likely to be called for speedily, by other parties, at the counter of the Bank, and so its reserve will decline, and it cannot be replenished from the Issue Department without a fresh deposit of gold. There is no other bullion market in the world which compares with that of London, either for magnitude or activity, and a very large part of the metallic stock of London is kept in the Bank.

If the Bank had only the ordinary functions of a bank of discount, issue and deposit to perform, its rate of discount would be steadier, and the whole market which depends upon it would be steadier also; but besides having to manage the circulation in a very artificial way, it has also to perform all the duties of the public exchequer, to receive all the revenue, and make all the disbursements of the government. In the United States and in France the operations of the Public Treasury relieve the banking institutions of those countries of a considerable part of these responsibilities, and thereby leave the banks more free to conduct their business on purely banking principles. The Marquis d'Audiffret, one of the highest financial authorities in France, in his testimony before the Superior Council of Commerce in

1865, thus describes the Public Treasury of that country: "There is another financial institution which acts with more force and universality than the Bank of France in regulating the general movements of capital in this country, and which gives us an advantage over other countries in respect to the circulating medium, which has been very little noticed. That institution is the Public Treasury. The organization of this remarkable instrument for the movement of circulation and wealth is the work of Count Mollien, of Baron Louis and of M. de Villèle. We cannot too sacredly guard from every dangerous innovation this Treasury Bank, which industriously gathers up the public revenues in every part of the Empire, and disburses them again without delay and almost without displacement, in the discharge of all public obligations. Owing to the regular operations of the Receivers-General, the expenses of negotiation on the part of the Treasury have been reduced from fifty-five millions of francs to two or three millions, in the handling of funds amounting to many milliards. A financial institution of so much power, which has passed through so many political revolutions, and which has been so long the admiration and envy of foreign governments, renders the development and extension of institution of credit far less necessary in France than in other countries."

There is, however, another influence which has contributed more to the sensitiveness of the English Bank rate than the exacting provisions of the Act of 1844. This is the greatly enlarged operations of the Joint-Stock banks. These operations have grown up mainly within the last twenty-five years. It appears by a table presented in the second of the *Economist's* articles already referred to (August 4th), that in 1851 the total deposits in the Joint-Stock banks of London amounted to £13,500,000. In 1856 they had increased to £33,200,000; in 1861 to £47,100,000; in 1866 to £71,000,000; in 1872 to £89,800,000, and in 1876 to £93,700,000. The deposits of the Bank of England, public and private, amounted in 1876 to less than £25,000,000, or to but little more than a quarter of those of the Joint-Stock banks, while in 1851, the first year of the above period, they were about £17,000,000, or twenty-five per cent. greater than the amount held by those institutions.

The total deposits and circulation of the Bank of England, taken together, amounted in 1851 to £33,000,000, and in 1876 to only £52,000,000, or little more than half the aggregate deposits of the Joint-Stock banks. The movements of capital in Great Britain since 1851 as indicated by the Trade Returns, have also greatly expanded. The exports and imports in 1851 amounted to £204,000,000, in 1876 to £641,000,000, and in 1873 to £682,000,000. Thus it appears that while in a quarter of a century the resources of the

Bank of England have increased only about fifty-eight per cent., the deposits of the Joint-Stock banks have increased nearly 600 per cent., and the volume of trade 234 per cent. The bearing of this increased business of other London banks upon the resources of the Bank of England is apparent when we state that these banks neither issue circulation nor hold cash, in either notes or gold, to any considerable extent. They are banks owing enormous debts, most of them payable on demand, with practically no reserve. Many years ago the *Economist*, in an article on the National Banking System of the United States, stated that the banks of Great Britain, including the Bank of England,* did not probably hold five per cent. of their immediate liabilities in cash, and since that statement was made, the deposits have no doubt doubled, with no corresponding increase of the metallic stock of the kingdom. Substantially the whole cash reserve, both notes and gold, is held by the Bank of England, and when the magnitude of the business is considered over which it has no control, and the very speculative character of the London money market, it is not surprising that it uses the rate of interest as railways now use the air-brake, as a very powerful engine to regulate the speed of the commercial train.

That which has caused the vast increase of deposits is the allowance of interest. Professor Levi, in one of his late college lectures on Banking (see the last number of the BANKER'S MAGAZINE, page 212, etc.), ably defends this system, and it is customary now-a-days to extol the spirit of economy and thrift which leaves no penny in a rich country idle. The general encomium is just, but the practice in England of turning every available shilling into a banker's till, and compelling him to use it as the price of the interest which he pays, has imparted an unnatural and feverish energy to the employment of capital in that country. Production has been over-stimulated by it, bad investments, especially foreign public and private loans, have been multiplied, and the frequency and intensity of crises have been promoted. The system would be far less objectionable if every bank and every private banker, issuing notes for circulation, were to keep a certain reserve of Bank of England notes and specie in his own vaults. The whole strain would not then fall upon the Bank of England, and it would thus be able to maintain a more uniform discount rate. That by so doing it would render an incalculable benefit to legitimate trade there can be no question. Nothing enters more directly into the cost of production and the price of merchandise than the current rate of interest. A uniform low rate so greatly stimulates production, that next to, and pos-

* We quote this article from memory, and it is possible that the Bank of England was not covered by the *Economist's* statement, though our impression is that it was.

sibly before the cost of labor it determines the relative commercial rank of nations. Hardly of less importance than cheapness in the price of capital, is uniformity. Trade operations are predicated upon long outlooks ahead, and enterprises undertaken or rejected upon close calculations of their cost and probable returns. If the cost of capital can be absolutely or nearly ascertained, a most important element of uncertainty is eliminated. All production involves a constant purchase of capital—that is, an exchange of products against money. No matter how rich the producer; no matter that he has ample capital for his business, enough even never to discount his receivables; the market price of his products depends upon two things, natural demand and supply, and the price of money; as the money price rises other prices fall, and in the hands of somebody, all products, at all times, till they have reached the consumer, are being measured against money. No man in business, therefore, of whatever wealth, is unaffected by the current rate of discount. Nor is the benefit of a low rate of interest confined to the capitalist and employer; it is shared also by the laborer, not to the extent which is desirable, but to an important extent notwithstanding. M. Gautier, deputy-governor of the Bank of France, justly described this beneficent influence, when advocating the extension of branch banks through the interior of France.* "The reduction which such branches bring about in the local rate of interest is the most efficient and salutary encouragement which could be given to all branches of industry. The working class is perhaps more interested in it than any other; for the producer who obtains the loan of the capital, which he is obliged to borrow to keep his workshops going, one per cent. cheaper than before, is enabled to give, and almost always does give, a part of the sum saved to the workmen whom he employs, either by adding to their wages, or by increasing the number so employed, to the great advantage of morality and social order."

In an opposite sense, the great Turgot gives a graphic picture of the mischiefs which follow a large advance in the rate of interest, when he likens it "to a flood, which by covering the fields, interrupts and destroys the fruits of labor, and condemns the population to ruin and to famine."

It is customary in England and in this country to speak of France as behind the Anglo-Saxon nations in the economy and beneficial use of capital; and this reproach is constantly reëchoed by French economists and bankers. From our standpoint this is, no doubt, true. There are comparatively few banks in France, and the employment of them for purposes of discount and deposit is much more limited than in England and the United States. Much economy would

* *Encyclopédie du Droit:* Article "*Banque.*"

doubtless be saved by extending the keeping of bank accounts, the use of checks and the machinery of the Clearing House in that country. A step in our direction has already been taken in the great increase of the paper circulation during and since the German war. As that paper has never been seriously depreciated, owing to a favorable balance of trade on the one hand, and to the maintenance of a very large and constant stock of the precious metals in the hands of the people on the other, it has become a positive advantage to familiarize the popular mind with the convenience of paper money, and with its stability also when fortified by such a holding of specie as the Bank of France (the only issuer of notes) has constantly maintained since the war pressure was over. The public loans have also contributed to bring out a part of the useless hoards which were kept, not to meet proximate engagements, but through political distrust and ignorance. Both these causes have rendered the capital of France more mobile and more active than it was before, but the business of the country still rests upon the secure basis of actual money held by those who have to use it, and providing for a far larger part of their actual wants than is customary in any other country. The strength of the English banking system is that it concentrates the money power in a few hands, and so brings it to bear quickly and effectively upon a given point, and renders great enterprises possible, which would be prevented by greater diffusion; its weakness is, that it constitutes a grand partnership between the provident and improvident, between the producer and the speculator, and makes it possible, by the bursting of financial bubbles, to involve the industries of the country in a common ruin. In France this is much less possible in theory, and much less frequent in fact.

The greater freedom of the Bank of France—which is restrained by no arbitrary law of circulation—makes it better able to regulate its business so as to avoid severe repressions of industry. It keeps a larger metallic stock than the Bank of England, and although it has been able to adopt, and has adopted (since the passage of the law of 1857) the practice of raising the rate of discount to protect its reserve, it has not been obliged to exercise it so often nor to such a degree as the Bank of England. It does not keep the whole metallic reserve of the country, and it is not called upon to save other institutions from the penalties of their own improvidence. It is earnestly to be hoped that France will not abandon its traditions in the management of capital, while it should doubtless adopt to a greater extent the improved English methods of moving it.

For the United States the question of banking on a specie basis will, we trust, soon be a practical one. We may reasonably hope that for a time, at least, prudent councils

and a conservative policy will prevail. The National system has withstood a shock such as will probably never visit us again. The ordinary decennial crisis is a light matter compared with the complete subversion of all values and the demoralization of credit, such as war and the reign of inconvertible paper money bring in their train. The relations with Europe have come to be far more intimate than they were prior to 1860, and our bankers and financiers have learned to respect and be guided by the experience of older countries. For ourselves we do not reject—on the contrary, we have for many years advocated—the doctrines of free money and a rate of interest such as is dictated by natural laws. We yield to no American in insisting on the importance of a large metallic reserve. Our desires in that direction far outrun the present or probable practice of the country. We agree that a serious threatening of that reserve should be arrested by a rise in the rate of discount when no other remedy can be found, "but the art of the financier as well as of the statesman is to conquer difficulties, and overthrow obstacles by the force and ability of his combinations." The middle ground, recommended by a majority of the bankers who testified before the French Commission, seems to us the just one. "They agreed, on the one hand, that raising the rate of discount causes a disturbance to commerce which is much to be regretted, and that, on the other hand, such an advance in the rate must, in certain circumstances, be accepted as a necessity. From these two premises they drew a two-fold conclusion, namely, that while, on the one hand, no legal limit ought to be imposed upon a bank in fixing its rate of discount, it is, on the other hand, its duty to adopt every means consistent with its safety, to diminish as much as possible the frequency and the degree of changes."

Note.—A valuable illustration of a divided, in place of a concentrated, metallic reserve, such as exists in England, is to be found among the German Banks. On the 31st of July the nineteen German banks held in the aggregate 710 millions of marks in coin and bullion, against a note circulation of 893 millions, or about eighty per cent. The Imperial Bank held 598 millions of cash against 697 millions of notes, or eighty-six per cent.; and the other eighteen banks held 112 millions of cash against 184 millions of notes, or nearly sixty-one per cent. No bank, or group of banks, (they are in part grouped together according to location,) held less than fifty per cent. of cash against their circulation.

CONVENTION OF THE BANKERS' ASSOCIATION.

The annual convention of the American Bankers' Association which has just been held, is one of the most important meetings of the financial men of this country which has been held since the war. The subjects which it discussed were unsurpassed, both in their intrinsic importance and in the amount of public interest which has been awakened by them in this country and in Europe. Of course, one of the principal topics was that of the resumption of specie payments. It was one of the first discussed in the convention, and the lively, harmonious attention which it awakened showed that those politicians and statesmen were very much at fault who have been telling their friends in private and in public, so often of late, that the banks did not care for resumption, and were many of them to a very great extent opposed to it.

After the subject of resumption, the convention discussed the silver question from various points of view, and passed a resolution that "in the opinion of this convention, silver money as a subsidiary currency is desired by the people, and that its free, but not enforced use will greatly aid in restoring the value of our paper money." The conservative character of this resolution corresponds to that of the resumption resolutions which will be found in our report elsewhere given. They declare that the early resumption of specie payments is necessary for the restoration of general prosperity and social progress throughout the nation, and that this great end can be secured with the co-operation of the people by means already provided by law. Taking the whole of the resolutions together it cannot, we think, be denied that they present a demonstration of the wisdom and sound views of our banking community, which is in complete harmony with the evidence on record in similar great crises in the history of the United States. The various addresses on these and kindred subjects were so full of practical interest that we regret our inability, even with our enlarged space, this month to present them to our readers. The pamphlet, however, which contains the full report of the American Bankers' Association will be issued shortly, and as several of the addresses are so well worthy of preservation in a permanent form, we shall, hereafter, try to find space to publish them complete for future reference.

As the subject of bank taxation is urgent we had expected that it would occupy a more conspicuous place in the programme of the convention. Among the collateral

topics of importance we must not omit the subject of municipal bonds, on which a lively and valuable discussion took place, introduced in a paper by Mr. Buell. The investigation of our municipal credit and its abuses is so important, and has been so ill-directed; the dangers with which these abuses threaten us are so great and the remedies for the evil are so numerous, conflicting and uncertain, that we should have given the address in full had we been able to do so. As we may not soon recur to the subject we will give a brief view of the chief points presented before the Convention. Mr. Buell cited some elaborate statistics and said: "According to the best information I can procure the aggregate of municipal bonds outstanding in this country falls very little short of $1,100,000,000. At an average rate of seven per cent. the annual interest on the securities, if it were all punctually met, would require an annual sum of nearly 77,000,000 of dollars. This outlay for interest alone is more than the whole expenditure of the Government of the United States for some years after the gold discoveries of 1850 had begun to introduce the era of extravagance and administrative prodigality here as in other countries. In the United States there are a hundred and thirty cities whose financial condition I have had in view in making these remarks. Of these cities, twenty have a population of 100,000 and upwards. Their net total debt, as nearly as it can be ascertained after deducting the sinking funds, is $492,000,000. Next we have seventeen cities whose population is from 40,000 to 100,000 and whose aggregate indebtedness is $45,000,000. We have, then, thirty-seven cities with a population of 20,000 to 40,000, and whose aggregate debt amounts to nearly $55,000,000. The total of these seventy-four cities is more than half of that which I estimate as the total for the United States. Their aggregate is $593,343,567. It is difficult, as every one will admit who has made the attempt, to obtain the statistics of the smaller cities, even in the State of New York. For many of the Western and Southern States, the attempt, though involving great labor, is seldom rewarded by much accurate information. For fifty-six cities below 20,000 population, I find that the total debt in 1876 was $51,000,000. Hence, the one hundred and thirty cities whose statistics I have analyzed had, in 1876, a net debt of $644,378,663. This sum is three-fifths of the aggregate estimated to be that of all the municipalities of this country.

"In this enormous debt I see many reasons for grave alarm, especially as its increase has been so rapid during several years past. It is worthy of more attention than has yet been given to the investigation, that the reckless extravagance of municipalities in the issue of bonds and the creation of this species of debt did not begin at the commencement of our paper money inflation. At the outbreak of the

war there was scarcely any market for the municipal bonds of any but the chief cities, and the great body of the people of this country were quite unaccustomed to put their money into such investments. By the issues under Secretary Chase of the small denominations of five-twenties, ten-forties, seven-thirties, and other Treasury notes and obligations, the popular mind was familiarized with the idea of investing in securities of a kind previously almost unknown, and by degrees a market was gradually created for Government bonds, which in their turn prepared the way for the adoption of railroad securities and municipal bonds in the same channels of investment. The process, however, of developing these new markets was a very slow one until the close of the war. This is evident from the fact that so late as 1866 the aggregate indebtedness of the municipalities of the United States was very little more than $360,000,000."

After some illustrative remarks, Mr. Buell closed his address as follows: "I trust this Association will be enabled in the future to do much for the achievement of this most important reform. We have many advantages qualifying us as an Association for undertaking this work. We have our organizations in every State in the Union. We have our constituents and members in every town and city of the United States where there is a bank or banker. We have our officers busily employed during the sessions of Congress in endeavoring to enlighten and inform the minds of senators and representatives in regard to questions of bank legislation and bank taxation for the whole of the United States, and there is no reason why an organized body so powerful, and wielding so much influence as ours, should not, as soon as the most pressing tax questions are disposed of, take up, with vigor and success, other reforms. When that time arrives, and I hope it is very near, we shall find ready to our hand important work in connection with the municipal indebtedness of the country."

This anticipation, we trust, will be fulfilled at an early day. The municipal credit of this country has received severe blows from which the credit of the national government has suffered, as we are assured by gentlemen recently from Europe, to an extent of which few of our bankers, statesmen or merchants have any adequate idea. If the convention had done nothing more than direct the public mind to the great questions of specie payments and municipal credit, it would have accomplished enough to prove the wisdom and necessity of such meetings for conference and discussion of the financial interests of the country.

DEPOSITS OF SAVINGS BANKS.

We published in the May number of the BANKER'S MAGAZINE an account of the capital and deposits of the Savings banks of the United States. The statement was made up for the six months ending May 31, 1875, from official statistics, compiled from the reports of the Savings banks to the Internal Revenue Bureau. At the late Convention of the American Bankers' Association in this city, a similar statement was presented from the Commissioner of Internal Revenue, Mr. Green B. Raum, which is a year later than those previously published by us. We have obtained a copy of the statistics which are given below. It will be seen that the deposits of the Savings banks having a capital are large in California, Massachusetts and Illinois, while they are comparatively small in the other States where the system prevails of conducting Savings banks without a subscribed capital.

Of the Canadian Savings bank system an interesting account was given by Sir Francis Hincks in the Convention. He stated that the Canadian Savings bank law was originally modelled on that of the United States, but it was repealed a few years ago. There is in Canada an admirable Post Office Savings bank system which is being gradually extended. Several of the chartered banks have savings bank departments, and there are three other savings banks, one at Montreal, one at Quebec and one at Toronto, which were at the time of the repeal of the old act specially chartered. It was deemed expedient by the Government and Legislature that institutions receiving deposits from the poorer classes of society should give the same security as those receiving the deposits of the wealthier classes, and when the old Savings bank Act expired about six years ago, it was not renewed, and the few existing institutions were given the option either to amalgamate with a chartered bank or to organize with a large subscribed capital, twenty-five per cent. of which should be paid up, or to wind up. Of the five institutions then existing two wound up, paying their depositors in full; two organized with a proprietary, one with a capital of two millions, the other with one million; and one obtained a special temporary act to continue on its old footing. The system of conducting Savings banks without a subscribed capital does not now exist in Canada except as above stated. The table of the Commissioner of Internal Revenue is as follows:

STATEMENT OF THE AVERAGE AND TAXABLE CAPITAL AND DEPOSITS OF THE SAVINGS BANKS IN EACH STATE AND TERRITORY OF THE UNITED STATES FOR THE SIX MONTHS ENDING MAY 31ST, 1876.

STATE OR TERRITORY.	*Savings Banks having no Capital.*		*Savings Banks having a Capital Stock or Bond.*			
	Average Deposits.	*Average Taxable Deposits.*	*Average Capital.*	*Average Taxable Capital.*	*Average Deposits.*	*Average Taxable Deposits.*
EASTERN STATES.						
Maine	$30,920,007	$3,163,546	—	—	$243,686	$90,790
New Hampshire	28,859,394	3,234,574	$50,000	$36,750	—	—
Vermont	6,277,216	549,072	—	—	—	—
Massachusetts	23,895,737	1,824,019	205,200	205,200	4,575,353	711
Rhode Island	49,102,195	14,069,780	—	—	—	—
Connecticut	75,441,343	15,187,277	—	—	—	—
Total	$214,495,892	$38,028,268	$255,200	$241,950	$4,819,039	$91,501
MIDDLE STATES.						
New York	311,588,657	30,990,908	100,000	100,000	550,302	280,382
New Jersey	31,580,701	7,350,498	10,000	7,000	132,081	17,536
Pennsylvania	19,608,949	1,284,061	100,000	95,000	316,935	92,193
Delaware	583,944	8,233	—	—	—	—
Maryland	18,881,920	2,181,293	—	—	—	—
Dist. of Columbia	410,092	—	—	—	—	—
Total	$382,654,263	$41,814,993	$210,000	$202,000	$999,318	$390,111
SOUTHERN STATES.						
Virginia	—	—	440,258	440,258	574,811	176,083
West Virginia	—	—	—	—	—	—
North Carolina	—	—	—	—	—	—
South Carolina	66,333	1,957	—	—	—	—
Georgia	43,584	10,716	—	—	—	—
Florida	—	—	—	—	—	—
Alabama	—	—	—	—	—	—
Mississippi	—	—	—	—	—	—
Louisiana	1,826,573	—	—	—	—	—
Texas	—	—	—	—	—	—
Arkansas	—	—	—	—	—	—
Kentucky	—	—	—	—	—	—
Tennessee	35,449	35,449	—	—	—	—
Total	$1,971,939	$467,907	$440,258	$440,258	$574,811	$176,083
WESTERN STATES.						
Ohio	8,464,957	—	178,709	102,459	471,611	105,406
Indiana	1,742,131	—	—	—	—	—
Illinois	712,117	—	1,682,247	1,387,745	8,315,137	1,228,754
Michigan	—	—	—	—	—	—
Wisconsin	18,524	1,844	—	—	—	—
Iowa	—	—	9,791	9,791	82,766	11,441
Minnesota	29,843	—	—	—	—	—
Missouri	606,583	182,422	—	—	—	—
Kansas	—	—	—	—	—	—
Nebraska	—	—	—	—	—	—
Oregon	—	—	—	—	—	—
California	34,412,968	12,905,006	2,215,454	2,017,321	22,931,407	11,661,067
Colorado	—	—	—	—	—	—
Utah	—	—	25,000	25,000	13,802	388
New Mexico	—	—	—	—	—	—
Wyoming	—	—	—	—	—	—
Idaho	—	—	—	—	—	—
Dakota	—	—	—	—	—	—
Montana	—	—	—	—	—	—
Washington	—	—	—	—	—	—
Nevada	—	—	—	—	—	—
Total	$45,987,123	$15,971,889	$4,111,201	$3,542,316	$31,814,723	$13,007,056
Grand total	$657,147,304	$97,265,310	$5,016,659	$4,426,524	$38,207,891	$13,664,751

MR. COE'S PLAN OF RESUMPTION.

The full semi-official report which we give elsewhere of the action of the American Bankers' Association on Mr. Coe's scheme for the resumption of specie payments, and on other important financial questions, makes it impossible for us to do more in this place than to give a general view of some of the chief features of the plan. There is one point in regard to this scheme which seems to have been too much overlooked. It does not claim to be wholly new. Mr. Coe has for many years been elaborating its machinery and it has substantially been tested and proved by the experience of several important crises during the last fifteen years or more. In the next place Mr. Coe's plan would bring our treasury arrangements into more complete harmony with those adopted by France and England in the negotiations of their great loans than has ever been effected since the passage of the sub-Treasury Law many years ago. Thirdly, Mr. Coe's plan is the only one yet offered which possesses two important but apparently contradictory advantages. It makes certain and takes for granted that we shall resume on the day fixed by law, and it shapes all its machinery and directs all its force with a view to the actual restoration of coin payments on first of January, 1879. But with this primary condition it unites a second of equal or greater importance. It so arranges the banking movements of the country into symmetrical combinations with the movements of the Treasury towards resumption that it promises to reach the goal of specie payments not only without a financial crisis, but without checking or retarding the present hopeful progress of our commerce and trade toward recuperation and prosperity.

We have said that Mr. Coe's plan does not lay claim to the charms of novelty. In 1857 some of its fundamental features were discussed and partly put in force for the revival of banking elasticity after the panic of that year. In 1861, as we showed some months ago, Mr. Coe, at a meeting of the New York Clearing House Banks, developed and explained his plan still further, and had it been adopted to a more complete extent, it would, as not a few persons suppose, have delayed if not prevented altogether the suspension by the banks and the issue of legal tender notes by the Government. In further illustration of the advantages of this plan, we will quote the following remarks upon it from a well-known financial authority, the late Mr. James Gallatin of this city. At a meeting of the Clearing-House Banks, December 28th, 1861, Mr. Gallatin made the following remarks which, like much of what he wrote and said on

financial topics, reads almost as though it were uttered yesterday for the first time.

After some remarks on the crisis through which our financial system was then passing in connection with our war finance Mr. Gallatin offered his views on the best methods for uniting the banks and the Treasury as follows: "When, in November, 1861, we united our specie in a common fund, to save ourselves and avert financial convulsion which threatened to engulf the property of the country in ruin, we vied with each other in readiness to yield all our cherished rights of individuality to cement that bond of union. We saved ourselves by that act. We saved the country by it. The National loans were secured, the honor of the country was preserved financially, the Treasury and the War Department were rescued from conspirators and the administration elect was peacefully inaugurated. Immediately upon the accession to power of the new government, efforts were made to place in possession of the Secretary of the Treasury every suggestion which financial skill and experience could furnish. Never having been engaged in mercantile occupations himself, a total stranger to the practical everyday life of a banker, he was known to desire all the information on financial affairs which he could obtain, and it was freely supplied. The nature and functions of banks, the characteristics of currency, the practical management of National loans, the most approved modes of raising National revenues, and the funding operations of governments, were fully explained; yet, from causes which remain unknown, he adopted a line of policy, on many subjects, directly the reverse of that which, in my opinion, all experience had suggested. He rejected a fair market price for his funded stock, he issued Treasury notes in a form which proved, as he was told it would, a source of embarrassment to his subsequent negotiations. You are all familiar with what occurred when he came here to enter upon the negotiation of the loans authorized by Congress at the extra session. He was urged to abandon the issue of the demand notes, and to draw directly upon the banks; and some of us proposed then to take the whole $150,000,000, if he would do so, and I believe we were all ready to unite in that arrangement. Coin being the basis of credits, it was only in that way that the increased financial operations of the government could be conducted; for it is impossible to maintain the superstructure of credit when the basis is withdrawn, for in destroying the basis, the superstructure also is swept away. He refused. He also refused to draw directly upon the banks for the proceeds of the loan taken by each. We are informed that the act of Congress was passed expressly for the purpose of authorizing him to do so, but he gave it a different interpretation, which may be the correct one, although I do not think so. He was told

then by many of us that if he persisted in issuing his demand notes he would force us into suspension eventually; and the Boston banks, foreseeing the dangers we were incurring, wisely restricted themselves to a portion of the $7\frac{3}{10}$ Treasury notes, which would have given New York, had we adopted the same policy, twenty instead of thirty-five millions; that is to say, we would have taken sixty instead of one hundred and five millions of government loans, as we have done. He persisted in these exceptional issues, and those of us who opposed his views were overruled, but it required only a few weeks' or days' experience to demonstrate that we were correct. Symptons of approaching perturbation in the currency were soon apparent. The influence of the demand notes was speedily felt, and early in September the Secretary was made fully acquainted with it by an able letter from the President of one of our largest banks. At length it became absolutely indispensable to speak in the plainest language, and when he met with us at the close of that month to negotiate the second fifty millions an explicit statement of the dangers of his course was prepared and read to him. Again some of us were desirous of making conditions in the negotiation to limit the demand notes and have him draw direct upon the banks; but the minority was overruled in these as in the subsequent proposition, to have the option of having the fifty millions of stock, principal and interest, payable in Europe, as it would have facilitated the sale or hypothecation of the stock abroad. The results all along foreseen and predicted by your minority are now upon us; the published letters and addresses, or memoranda to the Secretary, of 27th March, 1st May, 7th May, 19th June, 12th September and 30th September, pointed out the practical results of his policy exactly as they have been developed; and, with your permission, I will now read the following extract from the letter of 7th May last:

"Banks are only dealers in money, and their power of making loans is limited by the condition of the money markets of the world; they require quick returns of ready money to meet current demands; and while they have the opportunity of dealing in Government securities, as agents between the Government and the people, they can dispose of any amount of loans which this or other countries will absorb; but to load them with loans which they cannot dispose of, would force their specie from them. Turn the exchanges against the country, cause a suspension of specie payments, and you will at once inaugurate a depreciated paper currency with all its attendant calamities. Banks are only mediums of the exchanges, not reservoirs of the capital of a country. Load them down, as already observed, by permanent investments, so that they cannot aid the ordinary commerce and trade of the

country, and they must suspend specie payments; and then if the banks and Government were to issue an unlimited paper currency, as in the revolutionary war, the credit of the nation abroad would be gone, and the increased prices of commodities, by the increase of the paper money, would add immeasurably larger amounts to the expenses of the war and the National debt than any possible loss which may be entailed under a maintenance of specie payments, by selling the stocks at market prices. Besides all this, by maintaining a specie basis, we can distribute the economical burden of the war among all other nations, in proportion to the extent of their economical relations to us."

"It now remains to ask your attention to a fact connected with the Secretary's interview at the negotiation of the last fifty millions, just before the meeting of Congress. We were all desirous of knowing his plans for the future, and particularly the measures he proposed to recommend to Congress. It is customary, in all countries, to communicate such information freely to persons making great loans, and the finance minister of even the most despotic governments considers himself bound to furnish it on such occasions. But Mr. Chase utterly refused to give any information of his plans to us. Having heard rumors from the street that plans for an indirect issue of Government paper money upon National securities, in imitation of our system in this State, were being pressed upon his notice, I prepared and read to him on that occasion an exposition of the futility of resorting to such a scheme, and explained how it would fail to yield him the supply of capital which he required. He solicited a copy of the paper, which I gave him, and in the hurry of preparing his report he no doubt overlooked it, for a few days afterward he sent in his report to Congress recommending the very scheme I had exposed. It would seem evident, therefore, that either he is not very well acquainted with the nature of financial affairs, or is controlled no doubt by well-meaning persons, who advocate the policy of a suspension of specie payments and a vast issue of paper money. In either case the results of his policy will be the same, and the influence upon us is no longer a matter of conjecture. We are now loaded down with Government securities which we cannot sell. Banks, as I have already stated, can act only as agents in great National loans. When our capitals are absorbed, as they now are, we can no longer aid the Government. The Government must suspend specie payments or we must, and it is only a question of a few more days' time as to who suspends first and who shall hold the specie now in our vaults. If we hold it, the people and the Government will be alike benefited; if Government takes it, the whole will be expended and hoarded by a few people. Indeed the question for us to consider, as trustees of the people, now is, how much, if any thing, can we help

to preserve of the values which the approaching tornado of paper money threatens to sweep away.

"Whether that paper be composed of direct issues by Government, or indirect issues based upon Government securities, it will doubtless be made a legal tender by Congress, although I believe it contrary to the letter and intention of the Constitution of the United States. We may have, however, to receive and pay it; but in order to preserve a basis for future values, we should endeavor to get and keep as much coin as possible, upon which to resume specie payments whenever that can be done with safety. Contraction for that purpose must eventually be resorted to, and the more coin we have on hand the less severe will be the contraction.

"The main feature of any sound plan for harmonizing the action of the banks and the Treasury in the negotiation of loans is to authorize the Secretary of the Treasury to draw upon the banks and keep accounts with them. If we would prevent monetary trouble we must authorize Treasury drafts on the banks for Treasury disbursements; these drafts to be paid to the public out of the deposits created by the taking of the loans. This arrangement is of vital importance to the working of both government and bank finances, and it is the only way in which loans can be safely taken by the banks. If the Secretary should so prefer, he could make his drafts upon the banks of any one city payable at some one bank in that city, and the exchanges at all places throughout the Union, upon the three cities, being at par or at a premium, these drafts would circulate freely, and facilitate the inland exchanges and avoid the displacement of coin. Indeed, it would be advisable to make all his drafts on the banks of the three cities—New York, Philadelphia and Boston—for such drafts will always be at or above par throughout the country; and I would restrict all drafts to the banks of the three cities, for this very important reason: that there would be no risk of loss to the Government, the specie reserves of all the banks in the city of New York being now a common fund."

It is to be regretted that the practical aspects of Mr. Coe's scheme were not more fully presented before the Convention, and that the testimony of Mr. Gallatin, and of other financial men, some of whom are no longer with us, was not referred to in the discussions. At a time like the present it is of great importance to show that the machinery proposed by any scheme of resumption has stood the test of experience. Some of the essential parts of the mechanism proposed by Mr. Coe have stood this test. It remains to be seen whether the plan, as a whole, is as practicable as its friends believe it to be, and whether Congress and the people will think of it as did the Convention before whom it was so elaborately expounded by Mr. Coe and his friends

THE IMPERIAL BANK OF GERMANY.

[ABRIDGED FROM CRUMP'S ENGLISH MANUAL OF BANKING.]

The German Imperial Bank (Reichsbank) is the successor of the Bank of Prussia. The latter was founded in 1765 by Frederic II as a State bank. In 1846 it was reorganized, the State ceasing to be the only proprietor and the public taking up a part of the capital. At that time the State contributed 1,260,000 thalers and the public 10,000,000. The bank discounted commercial bills, not having more than three months to run, bought the loans of the Prussian government or the Provincial corporations as investments, and advanced against these securities. It took likewise money on deposit, dealt in bullion and advanced against merchandise up to fifty per cent. of its value. Its authorized note issue was 21,000,000 thalers. In 1856 the restriction with regard to the amount of the notes to be issued was done away with, and the bank was authorized to issue its notes to any amount, provided that it always kept them covered in the proportions of one-third in bullion and two-thirds in bills not having more than three months to run. In the same year the capital furnished by the public was raised to 15,000,000 thalers, the interest of the State in the concern having increased to 1,809,000 thalers.

After the German war of 1866 the capital supplied by the public was again raised by 5,000,000 thalers, the share of the State being then nearly 2,000,000 thalers. The reserve was 6,000,000 thalers, and the profits were divided as follows: At first the bank was under the obligation to pay the State yearly 621,910 thalers until 1925, as interest and sinking fund on a loan of 1856. After providing for this amount 4½ per cent. was given to the shareholders, 3½ to the State, and of the remainder one-quarter was placed to the reserve, three-eighths divided among the shareholders and an equal proportion paid to the State. In 1875, on the conversion of the Bank of Prussia into the German Imperial Bank, Prussia received back its share of the capital (1,906,800 thalers) and half of the reserve. Moreover the new bank had to pay to Prussia a compensation of 15,000,000 reichsmarks, and to undertake to pay until 1925 yearly the sum of 621,910 thalers. The shareholders of the Bank of Prussia could either demand repayment of their capital, plus their share of half the reserve, or they could exchange their shares against those of the Imperial Bank.

The German Imperial Bank is under the supervision of the government. The capital is 120,000,000 reichsmark, con-

sisting of 40,000 shares of 3,000 reichsmarks each. The bank buys and sells gold, discounts bills not having more than three months to run, and not less than three (exceptionally two) signatures; makes advances, for not longer than three months on specie, on German government securities up to three-fourths of their value, on non-German government securities up to half of their value, on bills of exchange up to ninety per cent., or on merchandise up to two-thirds of its value. It buys and sells stocks and shares on commission, makes payments and collections, receives money on deposit and valuables for safe custody. Part of its funds may be invested in German government securities or German railway debentures. The bank issues notes, of which one-third must be covered by gold, or German paper money, or reichskassenscheine, which notes the government may issue to the extent of 120,000,000 reichsmarks, and two-thirds in bills on Germany of not longer currency than three months. The bank is obliged to cash its notes at Berlin in legal money (gold coin or reichskassenscheine), and to issue its notes against gold bars at the price of 1,392 reichsmarks per pound.

The charter of the bank ends 1891, when the government has the right of liquidating the concern or of buying up all the shares at their nominal price, the reserve being divided equally between the shareholders and the government.

The profits are divided as follows:

(1) The shareholders receive 4½ per cent.

(2) One-fifth of the remainder goes to the reserve fund till the latter reaches twenty-five per cent. of the capital.

(3) Half of what then remains is divided among the shareholders; half goes to the Imperial treasury till the shareholders get eight per cent., after that the shareholders get one-fourth and the treasury three-fourths.

Should the profit be less than 4½ per cent. it is brought up to this figure out of the reserve fund.

With regard to the issue of the notes the law establishing the Imperial Bank made the following regulations for the German empire:

In 1875 there existed in Germany, besides the Bank of Prussia, thirty-two other banks issuing notes under widely different charters. The law of 1875 forbade the circulation of these notes outside the State which had granted the charter, unless these banks submitted to certain rules, the most important of which were, (1) always to keep one-third of the notes covered by gold, and two-thirds by three-months' bills, and (2) to pay the notes at Berlin or Frankfort. Eighteen banks (exclusive of the Reichsbank) submitted to these rules and consequently their notes are allowed to circulate throughout the whole of the Empire. The other banks

either gave up their circulations in favor of the Reichsbank or continue a local issue.

The notes of the German banks are not legal tender, and the lowest denomination is 100 reichsmarks. The issuing banks are not allowed to accept bills on commission or to speculate in stocks. They must publish their status four times a month, and a balance-sheet once a year.

We have stated above that the Bank of Prussia could issue notes to any amount, after having had at first a maximum fixed for its circulation. The new German law has adopted neither of these two systems, but has instead introduced a new principle, the "elastic principle," as it has been called, which fixes for each bank a limit for its note issues without legal cover, and which it can only exceed by paying a tax of five per cent. on the excess to the government; a system the merits of which can only be thoroughly tested under circumstances of financial difficulty. The banks which issue notes circulating throughout Germany, together with the amounts they may issue free of tax without cover in legal money, are as follows:

	Reichsmarks.
Reichsbank	272,720,000
Stadtische Bank in Breslau	1,283,000
Kolnische Privatbank	1,251,000
Magdeburger Privatbank	1,173,000
Danziger Privat Actienbank	1,272,000
Provincial Actienbank des Grossherzogth, Pozen	1,206,000
Hannoverische Bank	6,000,000
Frankfurter Bank	10,000,000
Baierische Noten Banks	32,000,000
Sachsische Bank zu Dresden	16,771,000
Leipziger Kassenverein	1,440,000
Chemnitzer Stadtbank	441,000
Wurtembergische Notenbank	10,000,000
Badische Bank	10,000,000
Bank fur sud-Deutschland	10,000,000
Commerzbank in Lubec	959,000
Bremer Bank	4,500,000
Bostocker Bank	1,155,000
Reichsmarks	382,171,000

In case any bank discontinues the issue of notes, the Imperial Bank is allowed to add to its fiduciary issue the amount of notes which the retiring banks used to issue without cover. The German Imperial Bank has the head office at Berlin, and has the following branches: Aachen, Altona, Aschersleben, Augsburg, Barmen, Belgard, Bernburg, Bielefeld, Bochum, Brandenburg-a-h, Braunschweig, Bremen, Breslau, Brieg, Bromberg, Carlsruhe, Cassel, Chemnitz, Coblenz, Colberg, Coln, Coslin, Constanz, Cottbus, Crefeld, Creuznach, Crimmitschau, Danzig, Darmstadt, Dillenburgh, Dortmund, Dresden, Duren, Dusseldorf, Duisburg, Elberfeld, Elbing, Emden, Erfurt, Essen, Eupen, Finsterwalde, Flensburg,

Forst, Frankfort-o-o, Freiburg-i-br, Furth, Gera, M. Gladbach, Gleiwitz, Glogau, Gnesen, Gorlitz, Graudenz, Greifswald, Greiz, Grunberg, Guben, Gumbinnen, Hagen, Halberstadt, Halle-a-s, Hamburg, Hanau, Hanover (Linden), Harburg, Heidelberg, Hellbronn, Hildesheim, Hirschberg-i-schl, Insterburg, Iserlohn, Kaiserslautern, Kempton, Kiel, Konigsberg-i-pr, Krotoschin, Lahr, Landsberg-a-w, Landeshut-i-schl, Lauenburg, Leipzig, Lennep, Liegnitz, Limburg-a-l, Lissa, Lubeck, Ludwigshafen, Ludenscheid, Magdeburg, Mainz Mannheim, Marienwerder, Memelmeerane, Metz, Minden Muhlhausen-i-th, Mijhlhausen-i-els, Muhlheim-o-r, Munchen, Munster, Naumburg, Neisse, Neuss, Neustadt-a-h, Nordhausen, Nurnberg, Offenbach, Osnabruck, Ostrowo, Pforzheim, Plauen-i-Voigtl, Pleschen, Posen, Prenzlan, Quedlinburg, Ratibor, Rawitsch, Reichenbach-i-Schl, Remscheid, Reutlingen, Rostock, Saarbrucken, Sagan, Schneidemuhl, Schwedt-aio, Schwelm, Schwiebus, Siegen, Solingen, Sommerfeld, Sorau, Speier, Spremberg, Stargard-i-p, Stettin, Stolp, Stralsund, Strassburg-i-el, Stuttgart, Suhl, Swinemmunde, Thorn, Tilsit, Ulm (Neu-Ulm), Wetzlar, Wiesbaden, Witten-o-Ruhr, Worms, Zeitz, Zittau.

Bills of exchange to be discountable by the bank must not be longer than three months. The discount deducted is at least for four days on bills on the same place, and for ten days on other bills. The minimum discount on each bill is reichsmarks 0.60. The bank collects money for one-sixth per cent., coupons for one-fourth per cent. commission, and pays money at any place where it has branches against receipt of the amount at another place, charging a commission of one-third per mille for the first 3,000 reichsmarks, and one-sixth per mille for the sum beyond 3,000 reichsmarks. If such payments are made by way of delegations, these latter are subject to the German bill stamp of one-twentieth per cent. per thousand. The head office of the bank and the branches at Altona, Dresden, Hanover, and Frankfort, buy, of well-known persons or firms, gold in bars or coins, on the following conditions: 1. The bars must weigh at least five pounds, and possess a fineness of at least 900. 2. The buying price is 1,392 reichsmarks per pound, payable after completion of the assay; charge for assaying, three reichsmarks per bar. 3. Sovereigns, imperials, are bought at 1,275:072 reichsmarks; American eagles at 1,252:104 reichsmarks; and napoleons at 1,251:408 reichmarks per pound. The branches at Bremen, Cologne, and Strassburg, are likewise buying sovereigns, imperials, eagles, and napoleons, at the above prices. Gold coming from abroad may be sent to any branch, and the amount will be paid by any other branch without charges.

BRITISH COMMERCE.

BY GEO. M. WESTON.

In the custom-house tables of the United Kingdom of Great Britain and Ireland, exports are valued as in our own at the place of export, but the imports are not valued at the invoice cost at the place of purchase, but at the actual price at the place of import, and therefore include the added element of freight.

Premising that the population of the United Kingdom increased from 28,974,362 in 1861 to 33,089,237 in 1876, a little more than fourteen per cent., the following table exhibits its foreign commerce (not including specie and bullion) for the sixteen years ending with 1876 and for the first half of 1877, stated in pounds sterling:

		Exports of Merchandise.	
Years.	*Imports.*	*British and Irish.*	*Foreign & Colonial.*
1861	£217,485,024	£125,102,814	£34,529,684
1862	225,716,976	123,992,264	42,175,870
1863	248,919,020	146,602,342	50,300,087
1864	274,952,172	160,449,053	52,170,561
1865	271,072,285	165,835,725	52,995,851
1866	295,290,274	188,917,536	49,988,146
1867	275,183,137	180,961,923	44,840,606
1868	294,693,608	179,677,812	48,100,642
1869	295,460,214	189,953,957	47,061,095
1870	303,257,493	199,586,322	44,493,755
1871	331,015,480	223,066,162	60,508,538
1872	354,693,624	256,257,347	58,331,487
1873	371,287,372	255,164,603	55,840,162
1874	370,082,701	239,558,121	58,092,343
1875	373,939,577	223,465,963	58,146,360
1876	375,154,703	200,639,204	56,137,398
1877—first six months.	195,448,403	95,234,130	20,834,053

During the period covered by the foregoing table the average annual excess of imports of specie and bullion over exports was £4,314,546 of gold and £1,064,856 of silver, being apparently the average annual amounts required to keep up the coinages and to supply consumption in the arts. Of course, this excess of metallic imports increases by so much the balance of trade against Great Britain.

The table shows—

First, a notable swelling of the imports and also of the exports of British and Irish merchandise during the years 1871–2–3.

Second, a rapid falling off since 1873 of the exports of British and Irish merchandise, while imports have been fully kept up, with indications that for the current year they will be larger than ever before.

Third, an increase of the balance of trade against Great Britain (taking into this account the exports of foreign and colonial merchandise, but not the specie movement), from an annual average of £49,276,059 in 1871–2–3 to an annual average of £95,045,864 in 1874–5–6. This balance was for the first six months of this year £79,380,220, or at the rate per annum of £158,760,440. The balance for 1876 was £118,378,101.

The first six months of 1877, compared with the same months of 1876, show a gain in imports of £10,338,207, and a decreased export of British and Irish merchandise of £3,975,929.

For the seventh month (July) of this year, compared with the same month of last year, the excess of imports over exports of British and Irish merchandise, has increased from £15,793,000 to £18,564,000.

The real balances against England are, of course, not so large as these figures indicate, being reduced by the profits of its foreign commerce, the freight earnings of its unrivaled merchant marine, and the brokerages, described by English writers as "vast," which the merchants and bankers of London levy upon that considerable part of the world's commerce and financing in which they occupy the safe and lucrative position of commission agents. These reductions, however, whatever they may amount to, affected the balances against Great Britain in all the years given in the table, and therefore need not be considered in discussing the increase of those balances since 1872–3. And with all reductions the real balances since 1872–3 must be large, since it is only by an excess of merchandise imports over exports that England, having now substantially ceased to make more loans abroad, can collect and realize the interest on the enormous debts due to it from foreigners and the income on the investments it has in various enterprises abroad.

Upon a general view of the case, it is apparent that the increase of British exports, both absolutely and relatively to imports, in 1872–3, resulted from the loans then being so profusely made by England to foreigners, and which, although in form loans of money, resulted in substance in merchandise transactions, as all international borrowings, lendings and payments necessarily do. And it is also apparent, that the decrease of British exports, and the increase of the balances of trade against Great Britain, since 1873, result from the fact, that Englishmen find now very few opportunities for foreign investment which attract them, smarting as they are under heavy losses in respect to such investments already made.

That national and corporate borrowings have strikingly decreased since 1873, and have now almost reached the vanishing point, is very well known. Still, a few figures in detail may give a more exact idea of the fact.

The *Moniteur des Interêts Matériels* of Brussels, reputed to be a high authority in such matters, publishes tables from time to time of the new national and municipal loans, and of the new bonds and shares of corporations of America and Europe (including Egypt), offered in the European markets, and of which the money-lending portions of Europe, and notably England, are the purchasers. The *Moniteur* does not include in its tables the loans of either India or the Australian Colonies. These, and especially the latter, have been considerable since 1870, but attract no attention on the Continent of Europe, as the manipulation and profits of them are the peculiar monopoly of English bankers.

The *Moniteur* distinguishes companies as *Industrial*, such as railway and mining companies, and as *Financial*, those which deal in securities on capital partly their own, but more largely borrowed. The world is principally indebted to the financial ingenuity of Paris for this last class of companies, but they have made progress elsewhere.

According to the figures of the *Moniteur*, reduced from francs to pounds sterling of twenty-five francs to the pound, these various borrowings (which include company shares issued,) were as follows:

MILLIONS OF POUNDS STERLING.

Loans.	1871.	1872.	1873.	1874.	1875.
National and municipal	468	219	173½	63½	18¾
Financial companies }	160	78¼	70	12	17½
Industrial companies }		208¼	193	93	31¾
Total	628	505½	436½	168½	68

The total for 1870 was 228½ millions sterling. About one-third of the extraordinary figure for 1871 is attributable to the French loans negotiated to pay the German war indemnity. Eliminating that abnormal element, the maximum of borrowings was reached in 1872. The fall off from 1872 and 1873 is great and abrupt.

The figures for 1876 do not vary much from those of 1875. For the first six months of 1877 the *Moniteur's* figures are as follows:

Loans.	*Millions sterling.*
National and municipal	48¾
Financial companies	2⅛
Industrial companies	6½

Of these national loans, twenty-seven millions were Russian war loans. The City of Marseilles took four millions, partly to refund an old debt on better terms.

Of the loans strictly national, negotiated in 1875, more than one-half was Russian, according to the following figures of the circular (1876) of Spackman & Sons of London:

		Amount.		*Price paid.*
Brazilian	5 per cent.	£5,000,000	...	96½ per cent.
Russian	4½ "	8,000,000	...	92 "
Swedish	4½ "	1,000,000	...	98¾ "

In 1876 Russia did not appear as a borrower, and the strictly national loans brought out in that year, were, according to Spackman & Sons:

Norwegian	£1,320,000
Swedish	2,000,000

It was during 1875 that the London negotiators of loans, instituted a committee of inquisition into the actual merits of all foreign national loans, this inquisition having been wisely postponed until investors had all the loans piled upon them which they could possibly carry. The mischief having been all done, and most thoroughly done, this committee, after a three months session, made a report, full of prudential maxims and virtuous sentiments, to prevent any more being done. The result was a universal determination in London to take only "gilt-edged" stocks, such as Russian stock was then deemed to be. In fact, since the French loans to meet the German war fine, Russia has been the only great country borrowing money. The appearances now are that Russia will continue to borrow so long as lenders can be found, and when takers of Russian stocks disappear the last important chapter in the history of national borrowings will have been written.

Great Britain, as the chief capitalist country of the world, took the lead in the loaning operations of 1871–2–3. The effects upon its commerce of those operations, and of its inability to continue them in the subsequent years, have been seen. The reverse side of the picture is shown in the commerce of the United States, which has been the chief borrowing country of the world. The effects which followed the borrowing operations of this country, when they were at their height, in contrast with those which followed the subsequent collapse of the borrowing capacity of the country, appear in the following statement of the total imports and exports in the United States, in the fiscal years (ending June 30,) named below:

Years.	*Total Imports.*	*Total Exports.*
1870–1	$541,493,708	$541,262,166
1871–2	640,338,766	524,053,120
1872–3	663,617,147	607,088,496
1873–4	595,861,248	652,913,445
1874–5	553,906,153	605,574,853
1875–6	476,677,871	596,890,973
1876–7	492,081,963	658,637,723

In this statement, domestic exports are valued at specie prices, and for the last four years at gold prices, and coin and bullion are included in the figures of both the imports

and the exports. An excess of exports over imports is the normal condition of our commerce, to meet the interest of our foreign debts, and provide the large sums spent by Americans in Europe; but in the two years ending June 30, 1873, this normal condition was reversed by the prodigious stimulus given to imports by borrowing abroad. It has been since restored, and in addition, some progress has been made in the good work of purchasing back bonds heretofore sold to the foreigner. It is the opinion of well-advised persons, that the purchasing back, and paying off, of National bonds held abroad, have amounted within the year past, to one hundred million dollars.

It is the export trade of Great Britain which upholds the great mining and manufacturing industries, without which its present population cannot be maintained, and the permanent decline of which involves financial, social and political consequences impossible to be foreseen. The sacrifices, in the form of reducing prices, which the English have made since 1873, and are still making, to keep up these exports, have been great.

Of railroad iron and steel Great Britain sold abroad, in 1872, 945,420 tons for £10,225,492; in 1873, 785,014 tons for £10,418,852; in 1875, 545,981 tons for £5,453,836; and in the first six months of 1877, 228,480 tons, for £1,833,186.

Of pig and puddled iron Great Britain sold, in 1872, 1,331,142 tons for £6,712,579; in 1873, 1,142,965 tons for £7,118,037; in 1875, 947,827 tons for £3,449,916; and in the first six months of 1877, 415,119 tons for £1,216,352.

Of iron and steel of all descriptions, and of all manufactures of both, Great Britain sold abroad, in 1872, 3,382,762 tons for £35,996,167; in 1873, 2,957,813 tons for £37,731,239; in 1875, 2,457,306 tons for £25,747,271; and in the first six months in 1877, 1,118,183 tons for £9,792,326.

British exportations of coals have been:

	Tons.		Value.
1872	13,198,494	......	£10,442,321
1873	12,617,566	......	13,188,511
1874	13,927,205	......	11,984,621
1875	14,544,916	......	9,658,088
1876	16,265,837	......	8,901,716
1877—first six months.	7,344,883	......	3,773,920

The maximum of prices in iron and coals was reached in 1873. Comparing that year with the first six months of 1877 prices per ton were as follows:

	1873.		1877.
Iron and steel rails	$64,51	...	$41,23
Pig and puddled iran	30,17	...	14,19
Total iron and steel, raw and manufactured	61,84	...	42,34
Coals	5,05	...	2,57

The fall in the price of rails was diminished by the largely increasing proportion of steel rails.

Great Britain has largely reduced the price of its cotton and woolen goods, but has been partially indemnified for that by purchasing the raw materials for those goods more cheaply. In the cases of iron, steel and coals the immense losses in price are without any such mitigation.

The aggregate money value of British imports, as the figures show, has been fully kept up, and even rather increased. The reductions in the prices of imports have been principally in a few raw materials for manufactures, notably cotton, the benefit of which to Great Britain is limited to the proportion in which it consumes its own manufactures. There has also been some reduction in the average prices of East India produce imported into Great Britain, this reduction having arisen from the appreciation, within the past four or five years, of silver, relatively to nearly all commodities except gold. In food of all kinds, of which Great Britain is a great purchaser and consumer, there has been no well-defined reduction in price since 1872–3; and taking all its imports together, the reductions in price have been small, and whatever they may have been, have been fully made up by enlargements in quantities.

The London *Economist* (April 14, 1877,) says:

"We, as a country, are 'calling in' our capital from abroad, and not lending it out again. This is the simple reason of the preponderance of imports over exports."

This language is loose, and in one particular distinctly inaccurate. It is not true that England is calling in its capital from abroad. "*Not lending it out again,*" instead of being a voluntary policy, as the context implies, arises wholly from the fact that England, although on the watchful lookout for borrowers deemed to be good, finds next to none of them. "Calling in" English capital from abroad is a fact which exists nowhere except in the imaginations of the writers of the *Economist.* Money has been a drug in London for a long time, and nobody is more welcome there than a safe customer for it. India is loaded with debt already, but the London bankers have not yet quite used up the borrowing capacity of the British colonies, which is large and increasing, but they are crowding it with desperate eagerness. While British exports, as a whole, have decreased £3,975,929 during the first six months of this year as compared with the same months of last year, British exports to the British colonies have increased £1,900,000. This increase is mainly attributable to the heavy loans which they are cajoled into making in England.

The situation briefly is, that the British industrial population and appliances were expanded to a point equal to the amount of exportation which was possible when foreign nations were borrowing in England, on the scale of 1872–3. Borrowing having collapsed, the British struggle to keep up

the aggregate money value of exports, by lowering prices and increasing quantities, is essentially a hopeless one. It will fail at last, even if the struggle is pushed to the extremity, apparently nearly reached already, when British capital employed in producing articles for export shall cease to yield any return whatever, and until the labor employed is starved down to the alternative of emigration or agrarian revolution.

The London *Times* (weekly, August 10, 1877,) says of the trade of the previous month—

"Food grains, and especially wheat, though imported in less quantity than in July, 1876, was a good deal dearer. There is also a considerable increase in the imports of copper, flax, hemp, hides, silk, wood, and wool, and, as a rule, at enhanced prices.

"The decrease of the export values is still almost as much as ever a decrease in prices. It is to be feared that a good deal of our export business is at present by no means in a healthy state. This conclusion is made more certain when we look at the course of values among articles of import, which are in some important cases rising. There is obviously pressure somewhere, and it would be interesting to know who has to bear the loss. Is it the operatives, compelled to accept lower wages, or is it colliery-owners or the capitalists who are keeping unprofitable industries going, or, finally, have banks and credit houses to do with it?"

The paying capacity of nations at any given time is a fixed quantity, which is limited to the amount of their exports, and by so much as they apply this capacity to their debts, principal, or interest, by so much must they reduce their purchases of merchandise. It is only stating the same thing in another way, to say that to whatever extent England, now that it has substantially lost the power of lending abroad, collects the interest on its existing foreign debts, or is forced to receive the principal of them, to this extent must there be an excess of its imports over its exports. To this complexion must it come at last, and this excess is reducible in no other way than by the bankruptcy of its debtors, national, municipal and corporate. Although that process of improving the balances of British trade, at the expense of engulfing British capital, will not be contemplated with equanimity by British minds, it is nevertheless going on as a matter of fact, on a scale which is great, and not diminishing, or likely to diminish very soon. But another fact may happen, having very different consequences, and that is, that the solvent debtors of England, may come to the conclusion to pay off the principal of what they owe. In that case, while England would recover its capital employed abroad, this recovery could be in no other form than augmented imports, while the prices and aggregate money value of its exports would undergo another and still more disastrous depression.

Since 1872–3, while the fall in prices in British commerce has been greatest in the exports, and least in the imports, the reverse has been true in the commerce of the United

States where it has been greatest in the imports, and least in the exports. The transition in England has been from a period of lending to a period of receiving payments of interest, and to some extent possibly, payments of the principal of the debts due to it. The transition in the United States has been from borrowing to paying. The limits of this article preclude an examination of the causes of this diverse operation upon prices, of the two different conditions of borrowing and paying, but the fact is established by the uniform experience of nations in such transactions.

RENT AND PROFIT.

BY GEORGE R. GIBSON.

It is the purpose of this paper to discuss the modern doctrine of Rent, which John Stuart Mill pronounced "the most important proposition in political economy," and to deduce therefrom the corollary that landed property and securities are, of all investments, the most *permanently* profitable.

The foundation of the rights of property is in the title which a producer has to what he has himself produced, and the value of his production is determined by the labor bestowed upon it, or more properly, the cost of its reproduction. Economists do not agree as to the exact definition of the word "value," but the writer is inclined to regard it in the dual sense of intrinsic value corresponding to utility, and exchangeable value corresponding to price. Natural agents such as water, land, air, and light, are gratuities to man, and as long as they are accessible, and can be freely appropriated, in the economic sense, they possess no value. But the necessity of supplying urban populations with water at an expenditure of capital and labor, has endowed it, however, under such circumstances, with value. Since land has not been produced by labor, it was for some time regarded as an anomalous case of value and property. It was observed that raw land upon which neither labor nor capital had been expended, would command a rental; that after the renter's toil as a laborer, and abstinence as a capitalist, in improving it had been rewarded, a surplus was left which went to the owner. Quesnay, founder of the school called "Economists," concluded that nature coöperated with man in agriculture, but not in manufactures, and even Adam Smith caught but a faint glimpse of the cause of rent.

One hundred years ago, William Anderson, in a tract upon the Corn Laws, propounded the first intelligent solution of the problem. His explanation attracted but little attention,

and it was not until forty years afterwards, that it was expanded and elaborated into one of the most generally accepted principles of economic science.

David Ricardo, the distinguished economist and London stock-broker, revived and galvanized into life the now famous doctrine of rent, which bears his name. De Quincy remarked, in substance, that upon the discovery of this principle, the science of political economy went, as it were, through an Insolvency Court, coming out with but little of its former capital. Private property in land arose from man's cupidity, the political power concomitant with its possession, and indeed the attainment of its more complete cultivation.

Land naturally varies in desirability, and its value is governed by contiguity to a market, and natural fertility. The former exercises a more potent influence than the latter, and it is a matter of common observation, that sterile land in close proximity to the centres of population, is often more valuable than richer tracts at a distance. The best lands are those which, considering cost of production and transportation to the market, yield the largest return for a given outlay, and the worst lands are the reverse. Crediting man with ordinary sagacity, it is plain that in this sense the best lands will be first cultivated. But the best lands are limited in area, and in order to meet an increased demand for breadstuffs, which the growth of population and wealth excites, recourse must be had to inferior lands.

The first proposition then, is, that *the price of agricultural produce is determined by the cost of producing it upon the worst lands in cultivation.*

In order to induce the cultivation of land of the second degree, which cannot produce so cheaply as that of the first degree, the price of agricultural produce must advance enough to remunerate the farmer for this, the least productive portion of his outlay. Since there can be but one price in the same market, the owner of the land which produces, under the most favorable conditions, will reap the additional reward of an advanced price. This leads to the second proposition, that *rent arises from the limitation of land, and the law of its diminishing productiveness.*

If the supply of well-located, fertile land was inexhaustible, and if, in response to an increased demand for its products, the application of more labor and capital would proportionately increase its yield, land would not possess value any more than air or light, and consequently, would not produce rent. To illustrate: Suppose lands of the first quality, the product of which is represented by 100, produce no rent because competition among its cultivators keeps the price down to a point affording only an ordinary profit upon the labor and capital employed. The demand then increases, and in order to meet it, land of the second degree is brought

under cultivation, on which the same outlay will yield a return represented by 90. At this period, land of the first degree, on account of its superior productiveness, will command a premium represented by ten, which goes as surplus profit or rent to the owner, and as recourse is had to still poorer soils, the rent proportionately increases on all better lands.

Rent is an effect, not a cause, for rent is paid because produce is high, and produce is not high because rent is paid. As population presses upon the means of subsistence, it is thus seen that price, and consequently rent, tend to increase; but this tendency is counteracted to some extent by any inventions or appliances, which cheapen or increase the products of the soil.

Railroads and mechanical improvements, such as steam and riding plows, threshers, reapers, and mowers, economise the labor of planting, harvesting, and marketing farm products, though not increasing their production. An absolute increase however, is promoted by improved systems of drainage, and rotation of crops, the application of chemistry to agriculture, and use of natural and artificial fertilizers.

The colonization of America and Australia have acted as safety valves to Europe, and have arrested the tendency to increase in the price of bread and the extension of pauperism; but the incentive to emigration which has solved many of the ugliest social problems in the old world, is constantly diminishing. Already we are consuming within our borders ninety-three per cent. of our entire grain product, as estimated by the Bureau of Statistics. Already our most fertile lands, even in new States, such as Texas, California, and Nebraska, are occupied. Already our country is so denuded of timber that grave apprehensions are felt for the early future. The United Kingdom, whose population, according to the London *Economist*, is growing more rapidly than usual, which has lost by famine in its Indian Empire a half million subjects this summer, is gradually increasing its draft on the rest of the world for breadstuffs, and during the past year its imports of food articles were swollen to nearly four hundred million dollars. Stephen Bourne, of the British Custom Service, states that each member of the community now consumes on an average two and one-half times as much foreign food as he did twenty years ago, which is a striking confirmation of the general tendency for population to outgrow the local means of subsistence. Though Malthus may not be endorsed *in toto*, there is evidently in operation a principle similar to that enunciated by him, viz: that population tends to increase in a geometrical ratio, whilst the means of subsistence only increase in an arithmetical ratio.

There is consolation in the third proposition, that *the price of manufactured commodities, unlike agricultural, is determined by the cost of production under the most favorable circumstances.*

The free competition of capital, industry, and invention, in manufactures, results in increasing skill, cheapness, and swiftness of production. Since labor is the essence of value, any invention which substitutes rapid and perfect mechanical processes for the slow and clumsy hands of man, will diminish the labor, and consequently the exchangeable value or price, of its products.

When once an invention is gained to the world, and its patent expired, it will drive out by competition all inferior machinery, and after time is allowed for the supply to adjust itself to the demand, the price will settle at an ordinary profit upon its use. When the means had been discovered of producing three bed-screws with the same labor formerly bestowed upon one, the price was permanently reduced to one-third. Take for further example, the pegging machine which puts in three rows of pegs in two pairs of shoes in one minute, and the sewing machine which sews soles on eight hundred pairs of shoes in ten hours. No inferior machines can stand against these improvements. Antiquated and abandoned machines lie like so many skeletons along the path of industrial progress.

Unlike land, machinery is susceptible of indefinite reproduction and multiplication. To illustrate: John Plummer, who is quoted as high authority by the London *Economist*, estimates the number of sewing machines in use at four millions, and an idea can be obtained of the ratio of increase and improvement in the United States, by the fact that the annual saving by their use which in 1862 was 150 million dollars, was estimated in 1875 at 500 millions. According to tables in the *Financial Chronicle*, the growth of spindles in American cotton mills between 1870–1874 was thirty-three per cent.

The fourth proposition is that *manufactures, unlike agriculture, produce a return at least proportionate to increased outlay and sometimes in excess.* To establish this proposition it is only necessary to revert to the fact that the minute subdivision of labor which increased outlay superinduces, is productive of a greater proportionate return to each individual laborer.

The distinction between manufactures and agriculture is succinctly presented by Malthus, who likens the earth to a gift to man of a number of machines of different powers. The most fertile lands, like the best machines, yield the greatest product with the least labor, but unlike the machines, cannot be multiplied, and are therefore inadequate to supply an increased demand. The price of raw produce rises, therefore, until it becomes sufficiently high to pay the cost of raising it with inferior machines and by a more expensive process.

What has been said of machines was upon the hypothesis that the patents, if any, had expired. A superior machine,

with a patent in force, is a monopoly as superior land is a monopoly, with the difference that the former may be reproduced and can procure orders by working at a price just inside that fixed by inferior machines, but with the disadvantage that the days of its monopoly are numbered. Temporarily, therefore, a patented machine is a greater monopoly than land, but permanently land is much the greater, as its monopoly constantly grows. Moreover, the machine of to-day may be superseded by an improvement to-morrow, and not only the value of the machines diminished or destroyed, but the value of the accumulated stock of their finished product is likewise reduced. The tendency of manufactured articles to fall in price is counteracted in a measure by the advance of raw products, but as their chief value often lies more in the labor than the material, this advance does not proportionately affect manufactures.

This comparison can be carried into commerce, and the law will there be found the same in spirit as in manufactures, viz: that capital diminishes in value, and rates of interest tend to decline as society progresses, whilst in agriculture the tendency as above shown is to an increase of the profits of landowners. Manifestly it cannot be regarded an unsupported assumption if as a fifth proposition, it be affirmed that *landed property and securities are of all forms of investment the most permanently profitable.* The whole argument may be summed up as follows: The purchasing power of a bushel of wheat is constantly advancing, and whoever possesses the power of producing wheat, commands a constantly increasing profit. The writer by no means asserts that the current profit on land at current valuation is in excess of that derived from other species of property. It certainly is not, or more capital would be attracted to it, and the valuation would rise until the equilibrium of profits was restored; but taking land for a period of years, as the pressure of population renders necessary recourse to inferior land, the superior land makes an accession of value which is a tangible quantity. "Good will" is sometimes established in commerce and manufactures, but outside of legal monopolies the general law is that merely a transient profit is afforded, and that it is in constant jeopardy. It is exceptional when they possess any inherent power to accumulate an increment or rent aside from the direct expenditure of capital and labor.

The Land Tenure Reform Association of England was founded by John Stuart Mill for the purpose of remedying some of the defects in the law of real property. Among its designs are the removal of all legal impediments to the free alienation of land and the abolition of the law of primogeniture. But one of its most striking and novel propositions is thus expressed by the Association: "To claim for the benefit of the State the interception by taxation of the

future unearned increase of the rent of land (so far as the same can be ascertained), or a great part of that increase which is continually taking place without any effort or outlay by the proprietors, merely through the growth of population and wealth, reserving to the owners the option of relinquishing it to the State at the value which it may have acquired at the time when this principle may be adopted." The plan advocated may be Utopian, and wholly unpracticable, but it is a substantial recognition of the practical effects of the law of rent, and fortifies the position assumed in the fifth proposition. The existence of this law in the United States can be exemplified, though, on account of our extensive agricultural resources, its observation is much obscured.

In California at an early day, and that not long ago, only the richest valley lands were cultivated. Those who tilled them, at the then valuation, it may be assumed did not make more than an ordinary profit upon their outlay. But the increasing demand in England for American wheats (nearly three-fourths of our wheat exports are now being supplied by the Pacific coast), has enabled "desert" or dry lands, irrigated at considerable expense, and reclaimed tulé lands,* to be cultivated with profit. It is obvious that the conditions which cause this widened circuit of culture must conduce to an added value to these best lands, independent of any labor or action upon the part of the proprietors. It is a matter within the knowledge of the writer, that in Illinois, Iowa, and indeed all of the Western States of recent settlement, many of the largest fortunes accumulated, and which swell the property valuations of those States, result merely from an accretion to the value of the lands through the growth of population and wealth.

The destruction of capital during the past two decades is unparalleled, and timid and conservative capitalists are perplexed at the uncertainty of investments. This paper is intended to awaken in their minds the opinion that land securities are unexceptionable when properly placed. There is comparatively a trifling amount of capital in this country organized to facilitate such investments, but in Europe the *Crédit Foncier* of France and the Land Credit Companies of Germany provide a safe medium for the direction of capital into this channel.

Land debentures combine in a high degree the requisite elements of safety and profit, and the bonds of first-class American companies would be received with favor abroad, as are those of the several companies already established in Boston and New York, whose loans have been chiefly upon city property.

SAN FRANCISCO, Sept., 1877.

* "Tulé land" is land generally overflowed and covered with a large species of bulrush, from which it takes its name.

THE USE OF SILVER AS MONEY.

BY GEORGE A. BUTLER.

The silver question is one of the great questions of the day. It is worthy the careful consideration of all thoughtful men, for on the correct settlement of it depends much of the prosperity and happiness of the inhabitants of the civilized world. All discussion of it should be in a quiet, just temper. We should not attempt to sustain any pet theories, or resist any argument or fact simply because it may tend towards the overthrow of some existing prejudice. We should weigh carefully every argument so as to arrive at the truth, that we may be able to determine what ought to be done under the existing condition of the monetary affairs of the world. It will not do to sneer at those who disagree with us, nor to misrepresent their views. It is to be regretted that so much that has been written has been in a partisan spirit, and the question made one of politics rather than of science. It is the more to be regretted because all honest men desire the victory of the right, and no good cause receives any permanent help from misrepresentation or from the blind following of prejudice.

Is silver fit for monetary purposes, and is it possible to discard it and to use gold only for the monetary standard of the world? We find that as a matter of history it has been found entirely suitable for use as money; and that it performed its duty as money acceptably and well. In no emergency has it been unable to perform just the service required of it. For ages it has been used by all the world. The coins of one country passed freely in another, and had a general circulation that gold never possessed. In history, silver is repeatedly mentioned in such a way as to show that it was the money in general use. It was so useful that men have toiled and made great sacrifices to obtain it. If it has lost its usefulness, and is no longer able to perform the services which in the past it has rendered, there must be some ascertainable cause which disqualifies it for future use. To get at this cause, we must inquire: (1) what money is; (2) the duties and services required of it; (3) what are its essential qualities; and (4) if in its essential qualities, coin is in any respect different from paper money. If the principles that apply to paper money can be applied to coin; if we find that there is one great principle which applies to all kinds of money, then we shall have reached a point from whence we can go forward in the investigation, assured that we shall arrive at some intelligent conclusion.

First, what is money? "Money is the exchangeable equivalent of all property and services, and has a double function. It acts as a medium of exchange, and as a measure of value; its qualities as a measure fitting it for use as a medium. Any substance or thing, passing from hand to hand, which is capable of discharging this double function, (whether quite perfectly or not,) and has been set apart for that service, with the full consent and active support of those who need its assistance, is money. It is one of the elemental forces of Political Economy, in its office and purpose unlike any other, and standing by itself. Of course it is not a commodity; does not become merchandise till it ceases to be money; is not bought and sold like goods in the market; does not of itself satisfy any physical want; is not designed for consumption, and when exercising its allotted and peculiar function does not, like capital, reproduce itself. It may be the product of labor, but labor is not its essential constituent, while its peculiar endowments are derived from another source.". . "When stripped of everything not a needful part of it, and the nucleus only remains, it will be seen that consent—consent of those who give and those who take—is its elemental principal, the source of the confidence it inspires, and the measure of its usefulness as an economic force. An instrument thus endowed has marvelous power, and is fitted to move the world of wealth and industry. Without consent it is impotent and worthless; withdraw it when once given, and the 'best currency in the world' however fortified, loses its peculiar virtues, and ceases to be money. Deprived of its support, specie itself could not discharge its customary office. It would be merchandise requiring money for its transfer."

I have quoted at length this definition of money from an able paper by Henry Bronson, M.D., of New Haven—a paper which deserves a much wider circulation than its author has chosen to give it. Dr. Bronson here brushes away much of the confusion which has hung over the "money problem." and puts the essential quality of money where it would seem to belong, on *consent.* It will be seen that with consent anything can become money; that without it gold and silver are only merchandise and cannot perform any of the functions of money. I lay much stress on consent as the first essential of money, and I shall endeavor to show that the withdrawal of it by Germany is the sole cause of the recent decline in silver. If I can do so then the main argument against silver will have been met and overcome.

We find that money is a device created to meet human wants, an instrument to diminish labor, time and cost in the distribution of wealth; an instrument with which its possessor feels sure that he can at any time go into the market and procure something which he may want, of as much value as he gave for it when it came into his possession; and

which any one having anything to sell will at all times be willing to take in exchange for his merchandise, knowing that he can at all times exchange it for any commodity which he may desire. The functions of this instrument seem to be those of an agent engaged in the general exchange of commodities; a simple yet powerful organism which can set one thing over against another and determine what the exchangeable proportions of each shall be. It does not seem to be of any importance what material it may be made of, so long as the instrument is able to perform the services required of it. If "anything passing from hand to hand, receiving the full consent and active support of those who give and those who take," is money, then government notes, bank notes and coin are all money, and the essential quality of each is the same; each kind receiving its permission to do this work from the same source. They are all the creatures of consent, and the withdrawal of it from either of them would destroy them as money.

All kinds of money, deriving as they do their essential quality from the same source, are governed by the same general law; it follows that we must apply the same rule to one that we do to the other. If this be so, then the silver and the currency questions go together and are only two phases of the money problem. As man emerged from barbarism, and his wants increased and industries became diversified, it became necessary that there should be something which all would recognize and accept as a unit of value. A general consent grew up that silver and gold should be accepted and set apart for that purpose. This consent raised them up out of the ranks of ordinary commodities, and conferred upon them a dignity which no other thing possessed. This setting apart of these metals for this purpose increased their usefulness and enlarged their opportunities for service, and gave to them a value which they would not have possessed if they had not been selected for this service. They became in a measure consecrated to a great work. This consent that they should be set apart and raised up out of the rank of a commodity, and have a special and peculiar service assigned them, gave to them a prominence and value which drew to them the eyes of all men. As the people grew in intelligence and their wants continued to increase, and industries multiplied, the value and importance of these metals as an economic force increased until their services became indispensable. If consent had been given to but one the other would have remained simply a commodity, and would have been bought and sold in the market, as are lead or iron. If we withdraw consent from one or both, it or they will disappear as money, and assume place as merchandise.

Silver now possesses the same quality for money that it ever did, with the exception of the partial withdrawal of

consent. It has had for ages the first essential of money,—it always had the general consent that it should at all times be received in exchange for anything that might be in the market, and so long as this consent was in no way withdrawn it maintained its value and performed perfectly all the services required of it. If the failure of silver for monetary purposes has been brought about by the withdrawal of consent—and whatever failure there has been undoubtedly is the result of this—it follows that if consent be restored, silver will again perform with its former power the service which the world may require of it. It is not just to withdraw consent and then charge silver with being impotent and unfit for the high duties which we demand of it, and which it always performed perfectly until we became false to it and refused its service. There was no cause for complaint or distrust so long as we were true to it. It did not fail to do its part until we refused to do ours—if it did even then. It is not honest to attempt to disgrace an agent and charge failure upon it when we are the sole cause of its inability to do those things which we demand of it. If the world should pursue the same course with gold that it has taken with silver, the result would undoubtedly be the same, for gold does not possess, any more than silver, the ability to serve us unless we will let it do so.

While I have dwelt at some length on consent as the first essential of money, in doing so I have not been unmindful of the fact that intrinsic value is desirable, at least for the present, as an element of money; that with money, as with every other instrument, the best material will make the best tool. It seems to me that thus far the trouble has been caused by the tendency of the age being too much toward the saving of labor. This disposition to accomplish everything with as little labor as possible naturally leads to the effort to diminish as far as may be all friction in the distribution of wealth. Gold, having more value than silver for the same bulk and weight, is more easy to carry, and transactions with it can be made with less labor than with silver. This fact has undoubtedly much to do with the present uncalled for alarm. When Germany in her new pride wished to reorganize her monetary affairs, and adopt a system worthy of a great nation, she chose for her standard the metal that had the most value in a small compass, discarding silver, which had been largely used, and considering her own convenience only. She was seemingly unconscious that the money problem was not one of convenience merely but one of the great questions of political economy. She apparently did not comprehend that her action would destroy an economic condition of things and must lead to results disastrous to herself as well as to the whole commercial world. She cannot claim for herself any great knowledge

of monetary science if she could not see that to eliminate from the money of the world a large amount, composed of silver, would not only cheapen the metal so discarded but also add to the value of the metal which must take the place of the discarded one, thereby giving to gold an increased purchasing power, and decreasing the value of silver and of all other commodities as measured by gold.

Thus far the decline in silver does not seem to be the result of increased production, but of the withdrawal of consent. Possibly it might be made to appear that the decline is only a seeming one, that gold has increased in value, and that the apparent decline in silver is a decline only as measured by gold. This view seems to be sustained by the results of the investigation of the East India Commission, which compared the prices of staple articles from January, 1873, to February last. After a careful examination the Indian government concludes that silver has as much purchasing power now as it had in 1873, notwithstanding that India has imported from London the past year nearly three times as much silver as in any of the four years preceding. The *Economist* expresses the belief that a comparison with a table of prices in London for the same period would show the same result, but is not prepared to say that silver has not declined somewhat in value, and concludes with the opinion that the depreciation of silver has been mainly if not altogether a depreciation of its gold value. I am inclined to the belief that demonetization has produced a decline in silver, but that it reaches only the bullion market; that it is a decline in the metal as such, not in that part which remains coin; that the metal which finds its way to the bullion market must sell for that price which it is worth as a commodity, not as a coin which circulates and performs the functions of money; that all that part which circulates as money has not lost in purchasing power, for the reason that where it circulates it retains the first essential of money—consent; that while the bullion market shows a decline in the price of the metal the general market shows no loss of purchasing power, but accepts the coin for its face value. It is claimed, that the production of silver has been so great and the probabilities indicate so large a supply in the future, that it will become depreciated to a point which must seriously affect its value for monetary purposes. This view has been taken mainly on account of the rich mines in this country; but from all accounts the highest point of production has been reached and the falling off has already commenced. Be this as it may, it does not appear that the production in the United States has had any material influence on the value of silver in London where the price is made.

If it can be shown that silver has not been sent to Lon-

don in any larger quantity than usual by the producing countries, then the argument that increased production has caused a depreciation falls to the ground. The *Economist* reports the excess of exports over imports by the United States, for the year 1876, at $17,386,508, which was $560,703 less than the excess for 1875, $6,567,361 less than in 1874, and $9,567,361 less than in 1873. If the production of our mines has had any thing to do with the price of silver in the market of London, why is it that it maintained its value during the year in which we exported the most, but declined in the year we exported the least? It does not look, thus far, as if production has had anything to do with it, but it does seem evident that the decline is due mainly, if not wholly, to demonetization in Germany. Germany has been forcing the sale of her discarded silver and has on hand a large amount, estimated at from twenty million to twenty-five million pounds sterling. This supply being available overstocks the market, and the pressure to sell has caused France and the countries forming the Latin League to suspend the coinage of it, thus for the present causing a cessation of their purchases. The decline is clearly traceable to these two causes, but demonetization in Germany must bear the whole responsibility. It was the withdrawal of consent by that country which caused the trouble.

We hear much about the depreciation of silver disqualifying it for monetary purposes, but we hear little from the mono-metallists about gold being unfit for the same purpose on account of changes in value which have taken place during different periods. From 1848 to 1860 gold undoubtedly lost in purchasing power. It is a fact in history that many questioned, during that time, if it had not so lost its value for monetary purposes as to make it necessary to demonetize it and adopt a single standard of silver. Some of the present advocates of the single standard of gold were at that time advocates of such a policy, and for the same reasons that they now urge the single gold standard. The alarm proved unfounded, as will the one about silver if the insanity of demonetization can be arrested. If a metal can lose its value for a monetary standard by depreciation, it can also lose its value for the same purpose, by its appreciation in value. A standard that can change so as to include more, cannot be any better than one that can change so as to include less; on some accounts the former is the worse of the two, for it adds to the burden of the poorer classes while it increases the wealth of those who have an abundance. That gold has appreciated somewhat in value there can be but little doubt. We need not look far for the cause. I will not say anything about production, not wishing to consider it in this connection. The tendency in Europe is toward making gold the standard, excluding silver. This

tendency, together with the locking up of gold for resumption in France — the accumulation of it by Germany to take the place of the discarded silver—the unknown amount which the latter nation has locked in its vaults for war purposes—the feeling that gold is to be the money of the future, and the distrust which always attends such a condition of things, is enough to convince any unprejudiced mind that it has appreciated somewhat in value.

Any discussion of the silver question which should leave out the important part which irredeemable paper money plays in the finances of the world would be incomplete. I apprehend that too little thought has been given to this; none the less is it an important factor in the silver question. Not having the the data I cannot state the amount of irredeemable paper money now in circulation throughout the world. It is large, and as there has been no system of redemption it has become part of the money of the world. The world's stock has been increased by this paper just as much as it would have been if the same amount had been coined in gold and silver, and prices of all commodities have been adjusted and fixed by the sum total of the gold, silver and irredeemable paper. If the demonetization of silver should be arrested, and Germany again remonetize it, then there would not be coin enough for the world to resume specie payments without a general fall in prices.

I have said that all of this irredeemable paper had become a part of the money of the world. Of course, this does not imply that it has any circulation beyond the boundaries of the country that issues it, but that its influence is felt to the remotest corner of the commercial world. Whenever a nation issues an irredeemable currency it drives out all the coin which had circulated in that country. This coin goes to other lands, increasing the stock they have on hand. Such a movement of specie stimulates the industries of those lands and prices rise until they reach a point that will give employment to all the coin. On the other hand, the nation which issues the irredeemable paper is sure to do so in excess, which in turn causes a rise in prices in that country. The result is a general rise in prices.

It follows, with prices fixed as they now are by the sum total of gold, silver and irredeemable paper money, that a general resumption of specie payments could not occur without causing a fall in prices the world over, even on the present basis of coin. Resumption cannot take place without the elimination from the money of the world of a large amount of the now irredeemable paper. This withdrawal would appreciate the balance of the money in use, giving it additional purchasing power, which means nothing less than a fall in prices. If this be so, and who can doubt it? what would be the result if the world should take out a

large amount of silver coin, and thus still further diminish the world's stock? The countries which have now an irredeemable currency must have coin with which to redeem it: not having it they must go to those countries possessing it, but the latter will meet them on the threshold with the announcement that they have no more than they want, and that a drain of specie will cause very serious trouble in the money market and precipitate a panic. The nations in need, however, in order to resume are obliged to obtain the coin, which they can only do by paying more for it than it is worth wherever held; this means that prices must fall in the redeeming countries — that specie will purchase more there than elsewhere. Then the withdrawal of coin will be felt by the nations which have held it and a struggle will be commenced and waged until prices have fallen, so that the stock of coin will have purchasing power enough to supply the wants of all. The settling of values of all kinds of property, which must result from a general resumption even on the present basis of coin, is appalling enough without the destruction of a large amount of coin now in use.

If in this endeavor to apply the principle of consent to the silver question I have been at all successful, we shall find that it leads to the following conclusions:

First—That the withdrawal of consent, or demonetization as it is called, reduces silver from an economic force to a commodity, leaving it only such value as it may have as a commodity for the manufactures.

Secondly—If demonetization continues, the depreciation of silver will be great, and this loss in its value must fall upon the holders of it, which will impair to such an extent their ability to purchase and pay for goods, as to seriously affect the commerce and industries of the world.

Thirdly—That the contraction of the medium of exchange which must result from demonetization will cause a general fall in prices; then—as it cannot be diminished in any way except by payment—the volume of indebtedness will assume larger proportions to the property of the world than it had done before. This would afford to the holders of all kinds of maturing obligations the right to demand and receive a greater value than was given when the indebtedness was incurred, thereby adding greatly to the burden of the debtor class and increasing the wealth of the rich at the expense of the poorer class.

Fourthly—That with the enormous amount of irredeemable paper money now in circulation the general resumption of specie payment, even on the present basis of coin, must cause such a contraction of the medium of exchange as to produce a very serious shrinkage in the price value of all kinds of property, and that the further contraction of the medium of exchange which must result from the demonetiza-

tion of silver will so aggravate and intensify this decline in values that bankruptcy and repudiation must inevitably follow.

If the evils above pointed out do not follow demonetization, it will be because another evil nearly as great will come in their stead — viz.: that paper money will take the place of the discarded coin and the world will launch out into an era of irredeemable paper money. Resumption which might now be difficult, would then be impossible, except through the general ruin which sooner or later must come to the world as the natural outgrowth and the inevitable result of such a course. It remains for the advocates of a single standard of gold to show that disaster would not follow the demonetization of silver. It will not do to say that gold will be taken from the arts or that it will be produced in such quantity as to supply the want. Such an assumption would be one in which no man of science could ever be justified.

While I do not intend to appear as an authority in these things, I must confess that all the teachings of political economists on the question of currency seem to me to be idle words—nay, worse—false teachings, if great trouble does not follow the demonetization of silver.

THE CAUSES OF BUSINESS DEPRESSION

AS PRESENTED IN THE FORTHCOMING REPORT OF THE UNITED STATES SILVER COMMISSION.

The real cause of the present universal derangement of commerce and industry must be ascertained before the proper remedy can be devised. The causes assigned are various and contradictory. Many of them never had any existence in fact. Others are inadequate or absurd in themselves, or by reason of being confined to narrow localities or special interests, cannot have produced a mischief which reaches all places and all productive interests.

Over-production is one of these alleged causes, although food, clothing, houses, and everything useful to mankind, are and probably always will be in deficiency, as compared with the needs for them. The constant effort of the human race is and ought to be to multiply production. The aggregate effective demand for products, that is to say, the aggregate demand accompanied by an ability to purchase, always increases with production. Supply and demand mean substantially the same thing, and are nothing but two phases of the same fact. Every new supply of any product is the effective basis of a new demand for some other product.

The capacity to buy is measured exactly by the extent of production, and there is practically no other limit to consumption than the limit of the means of payment. Over-production of particular things may occur, but that is soon corrected by the loss of profits in producing them. Over-production in the general and in the aggregate is impossible. The contrary opinion will be held only by those who regret the discovery of the steam-engine, the spinning-jenny, and the sewing and thrashing-machines, and who believe that while mankind have the skill to devise methods of increased production, they have no capacity to provide for the distribution of the products of industry. Production is the sole and only source of wealth, and the idea that its over-production can be a source of impoverishment is repugnant to the common sense of mankind. All reputable authorities concur in treating the idea of a general over-production as the idlest of fancies, and wholly unworthy of serious notice

Too many railroads are said to have been built, when it is clear that there is an urgent need for more. Undoubtedly a too rapid construction may create an abnormal rise in the special materials, such as iron, which are required, and an abnormal rise in the interest of money by absorbing too much floating capital in a fixed form, but such evils are self-corrective. Railroad building will always halt under such circumstances until the cost of materials and of capital ceases to be excessive. The tendency of industry and enterprise to take profitable directions, and to withdraw from those which are found to be unprofitable, needs no other regulations than to be let alone.

Money sunk in railroads prematurely built and at present unproductive is another cause assigned for the existing condition of things. But the loss resulting from labor misdirected is no greater than the loss resulting from the non-employment of labor. One single year of the loss now sustained through the stagnation of industry, caused by falling prices, is a calamity of greater proportions than the total loss from all the badly-planned or unfortunate railroad enterprises of a decade. If it were really true that the labor lost in unproductive works is the cause, or one of the principal causes, of the present distress, the future must be dark indeed for this country, which has had an army of unemployed laborers since 1873, that is still being recruited as industries break down, one after another, under appreciating money and falling prices. If a few years of the misdirected labor of one hundred, or even five hundred thousand men, has brought on conditions under which three millions are forced to be idle, the evils to come hereafter from the present idleness of that vast number must be incalculable and self-perpetuating. It must prove an endless chain

freighted with a constantly accumulating volume of disaster, a Pandora's box with hope left out.

That species of speculation in property and securities which is described as reckless and unsound is said to be one of the causes of the distress. But even in gambling there can be no more lost than there is won, and the material damage to the community cannot exceed the worth of the time of those engaged in it. The rating of property at higher or lower prices could not result in a destruction of the property, or even in the impairment of its productiveness. It would be deplorable if it were true, but happily it is wholly untrue, that the prosperity of the prudent and industrious is at the mercy of gamblers, of whatever species or degree.

A condition which is universal cannot be explained by local facts, such as the American civil war, the Prusso-French war, or the sudden and great rise in the price of English coals and iron in 1872–'73. The last fact, and the commercial and financial speculations in England connected with it, are much insisted on by English writers as the causes of the present state of things. They forget that the panic and depression in England in 1866–'67–'68 revealed the existence there of an amount of reckless financiering, of frauds in railroads, and of rottenness among bankers and merchants far greater than existed either in England or elsewhere in 1872–'73. The measure of comparison is accurately enough indicated by the Collie failure of 1875 for $9,000,000, and the Overend & Gurney failure of 1866 for $90,000,000. That the British financial collapse of 1866 was not felt in the United States is a matter of familiar knowledge in this country. But it was not even felt in Continental Europe. There is British authority (*Journal of Statistical Society of London*, vol. 34, page 243) for saying that "*not even a tremor of the crisis of 1866, so terrible for England, passed across the British Channel.*" The mischief was confined to England, because there was not then as now everywhere at work the dry-rot of a contracting money.

Devastations of war in the years immediately preceding 1873 are assigned as one of the conspicuous causes of the depression, and oftentimes by the same philosophers who, by a contrary process of reasoning, assign overproduction as the principal cause. These devastations are described as great enough to have arrested the production and prevented the accumulation and distribution of wealth. In truth, from the French campaign in Italy, terminating (1859) at Solferino, to 1873, there was no war of serious magnitude except the American civil war, and even this war scarcely retarded the increase of national wealth in the United States. The peace of Europe during that entire period was substantially unbroken, and its unprecedented advance in prosperity, fol-

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lowing the Californian and Australian discoveries, was checkered by no pause. The Prusso-Austrian war was an affair of days. The Franco-German war was an affair of weeks and was only protracted to months by a siege. The war between Austria and Italy consisted on the land of one single day's fighting, and on the sea of one naval skirmish. These several events had political consequences which were momentous, but were so confined in space and time that their effects on commerce and industry were obscure and unimportant, and much less important in these particulars than were the effects of the revolutionary struggles in Europe in 1848–'49. The assignment of the devastations of war as a cause of the present distress is as absurd in its logic as it is erroneous in its assumptions of fact. The financial catastrophe of 1873 came, not because the progress of mankind had been checked by war, or by other causes, but on account of the precisely contrary fact, that this progress had continued unchecked after the supply of metallic money became stationary or declining.

It is sometimes said that what is being witnessed is a coming down to solid bottom in prices. But the question of prices is a question of the standard in which they are measured. Wages at $2 per day, with a currency of gold and silver, are as much on solid bottom as they would be at $1 per day with a currency of gold alone, and what are called solid prices when the standard is gold would in their turn be described as inflated if a new policy should decree that money should consist only of diamonds. Prices are nothing but the expression of the relation between money and other things, and in the end can never express it otherwise than correctly, and when so expressed prices are on the bottom wherever that may be; the range of prices, whether higher or lower, depending on the relation.

It is maintained by a large class that existing evils are the results of a loss and lack of confidence, and that the sufficient remedy would be found in its restoration. On all occasions they portray in glowing phrase the abounding prosperity which would follow if moneyed and other capitalists would freely exhibit confidence by inaugurating industrial and commercial enterprises. But it is to be observed that they content themselves with recommending confidence to others while they are careful not to make a practical exhibition of any on their own part. They seem, in short, to be unconsciously influenced by the view that while they might profit by the confidence of others, confidence on their own part might involve them in losses. The real mischief is not the lack of confidence, but the lack of any legitimate grounds for confidence, and there neither will be, nor ought to be, any revival or extension of confidence so long as the volume of money continues to shrink and prices continue to fall.

Under existing conditions, if by any possibility confidence could be inspired, the consequences would be baneful rather than beneficial.

Similar conditions to those which preceded the panic of 1873 exist in the main to-day. The volume of money is shrinking absolutely and relatively to other things, although perhaps not as rapidly as between 1865 and 1873, and the prices of property are gradually shriveling. The principal difference is that since 1873 the credits extended by moneyed institutions have been largely curtailed or cut off altogether, and consequently the material of which panics are made is not in as great abundance. The collapses which are constantly occurring do not make as much noise nor attract as much attention as the explosion of 1873, because they do not occur simultaneously nor conspicuously with public institutions, such as banks, as in 1873, but nevertheless they are constantly taking place in all parts of the country in increasing numbers. All that is necessary to change this monotonous rattle of isolated collapses into a general crash is to restore confidence and credit. As the collapse of 1873 is generally attributable to an over-extension of confidence and credit, a restoration of confidence now, when the conditions are the same, must pave the way to a new collapse, and would be placing a dynamite for future explosions under the foundations of business.

It is necessary to understand in what particulars confidence has been lost before deciding that its restoration is either possible or, under existing conditions, desirable. Confidence has not been lost in the intrinsic value of real estate or any useful thing. It has not been lost in the fruitfulness of the soil, the ingenuity, industry, or integrity of the people, the stability of the Government, or in the productive powers of labor and machinery. Confidence has been lost in nothing except in the possibility of maintaining prices while the volume of money is being shrunk by existing legislation. Confidence has been lost that capital invested in productive enterprises can be returned with a profit, or even intact, to the investors. Its restoration while present conditions remain is impossible, and would work mischief if it were possible.

It is stoutly affirmed by many that the present stagnation is a result of uncertainty as to the future value of the paper money of the country. If there were any such uncertainty, and if there were, consequently, possibilities of a rise as well as of a fall in prices, the adventurous temper of the business men and the people would cause active investments and purchases, as was illustrated during and immediately after the civil war, when such an uncertainty really existed. The true cause of the stagnation instead of being uncertainty as to the future value of paper money under the present legislation is the absolute certainty that it must rise still higher and prices fall still lower.

The statement that there was any general rise of prices during the two or three years prior to the crisis of 1873 is wide of the mark. The highest range of prices attained was in or about 1865. From that year on to 1873 there was a general tendency to a fall, but such was the momentum which had been given to them that they continued comparatively firm for seven or eight years after their metallic support had become insufficient, and after they were left to stand in part upon the treacherous foundations of credit. In 1873 those foundations suddenly gave way, and prices, property, banks and business houses went down with a crash. In this country, as is familiarly known, it was only by mortgages that the nominal prices of real estate, the largest and principal description of property, were sustained during 1871–'72–'73. Even by this means it was only in rapidly-growing cities and towns that real estate prices were kept up, while during the same period, and for several years immediately prior thereto, the prices of agricultural lands were abnormally low. Without doubt, the prices of a few commodities were high in 1871–'72–'73, but only from exceptional causes. Iron was abnormally high in those years from a sudden expansion of railroad building, and this led to great speculations, notably in England, in iron and in coals. But the high prices of these articles do not prove a high level of general prices in 1871–'72–'73 any more than the high prices of cotton proved a high level of general prices during and immediately after the American civil war. The tendency of prices was already downward in 1873 when their fall was hastened and intensified by the demonetization of silver by Germany and the United States.

The true and only cause of the stagnation in industry and commerce now everywhere felt is the fact everywhere existing of falling prices, caused by the shrinkage of the volume of metallic money. This is in part the misfortune of mankind, as the mines have failed for several years, under energetic working, to yield the metals in quantity sufficient to keep pace with the increasing needs of the world for money. But it is in part due to the folly of mankind in throwing away a benefaction of nature by discarding one of the two precious metals. Existing evils date with that folly, which precipitated and now enormously aggravates them.

Many learned and excellent persons and associations of persons in all parts of the world, known as economists, philosophers, publicists, socialists, and scientists, whose instruments of observation seem to have been adjusted for the examination of remote objects, and, consequently, unfitted for and a hindrance to the inspection and examination of anything near at hand, have furnished many far-fetched, incomprehensible, and impossible causes for existing evils, which agree in nothing except their remoteness. They have seen

through a glass darkly or they would have discovered that the cause was all around and about them; that it is the same cause that has invariably preceded and accompanied similar evils, and that it is money in shrinking volume and falling prices. This is the great cause. All others are collateral, cumulative, or really the effects of that primal cause. Practical men see what the mischief is and they all see it alike, and, without formulating their ideas in set words and phrases, they all state it alike. Money capitalists, large and small, give one, and only one, reason for refusing to invest in productive enterprises. Any one that will ask for that reason will receive the uniform answer that prices are falling, that it is not clear that the lowest range of prices has been reached, and that it is unsafe to move until this can be certainly known. All can see that prices have fallen and are falling, although they may disagree, or may not trouble themselves to form any opinion, as to the cause of the fall. And all can see, and do see, that it is falling prices which cause the stagnation of business, with all its necessarily attendant circumstances of an increasing pressure of debts, of decreasing employment and wages of labor, and of diminishing consumption. Falling prices is only another expression for an increasing value of money, and those who desire still further to appreciate the value of money by contracting its volume, desire still further to reduce prices, and still further to widen and deepen the gulf between money-capital and labor. Money-capital is the fund out of which wages are paid. Capital can only fructify through the employment of labor, and labor is helpless without capital. It is in vain to advise those who depend upon their daily wages for their support, and who possess no capital but their willing hands, to change their places of residence and engage in agricultural pursuits. Even had they the means to emigrate, which most of them have not, they would still have to be supplied with seed, implements, and animals, and with support from seed-time to harvest. It is still more plainly idle to advise them to engage in any species of handicraft or manufacture on their own account. In modern times human labor is available only in connection with machinery and appliances. A policy which tends to a constant fall of prices, and therefore compels capital from the justifiable instinct of self-preservation to withdraw from production, is a policy which reduces laborers to a worse condition than if money were wholly abandoned and the system of barter were established. The condition of the laborer is as bad when money-capital is not employed as if it did not exist. The effect of falling prices is the same upon the smallest capitalist as upon the largest. The hope of gain is for all of them the only inducement to take the risks and labor of enterprises, and they will all prefer to

consume their accumulations rather than to invest with the certainty of losing them. They will, of course, consume them as slowly as possible, and to that end will reduce their expenditures within the smallest possible limits. Laborers thrown out of employment must in some way have a bare subsistence, but there can be no other sources for it than the scanty earnings of such as are employed, and the capital in existence, which cannot refuse food to the starving.

That shrinking money and falling prices are the cause of existing evils was pointed out eight years ago by the *London Economist* in its review (1869) of the previous financial year. It then said:

"It may be safely affirmed that the present annual supply of thirty millions sterling of gold is no more than sufficient to meet the requirements of the expanding commerce of the world, and prevent that pressure of transactions and commodities on the precious metals which means in practice *prices and wages constantly tending toward decline*. . . The real danger is that the present supplies should fall off, and among the greatest and most salutary events that could now occur would be the discovery of rich gold deposits in three or four remote and neglected regions of the earth."

Instead of the discovery of new gold fields, that which has actually happened since 1869 has been a declining production in old ones. The annual supply of $150,000,000, then considered barely sufficient, has dwindled to $101,000,000, while during the same period the demand and necessities for money have been constantly and largely increasing. This increasing demand crowding upon a failing supply was of itself a great misfortune; but, as if to change unavoidable evils into deliberate ruin, several commercial countries, including our own, demonetized silver. In its review of the financial year, 1872, (published March 15, 1873,) the London *Economist* predicted the inevitable consequences in the following language:

"At the end of 1872, the (German) gold coinage amounted to twenty-one millions sterling. The following paragraph from the well-informed city writer of the *Daily News* gives the latest facts, and properly draws attention to their important character:

"'By the present bill the German Government is certainly paying England the compliment of adopting its single gold standard, but the cost of the measure to the London and other money markets cannot but be great. As the annual money supply of gold throughout the world is reckoned at little more than £20,000,000, and the usual demand for miscellaneous purposes is very large, it follows that, if the German Government perseveres in its policy, the strain upon existing stocks and currencies will be most severe. Unless the annual production of gold should suddenly increase the money markets of the world are likely to be perturbed by this bullion scarcity.'"

These inevitable consequences of the policy of Germany, and of the United States and other countries co-operating with Germany, have been and now are being realized as predicted. Many of those who foresaw and predicted them now deny what the whole world knows to be true, that

paralyzed trade and stagnant industry, the necessary accompaniments of "*prices and wages constantly tending towards decline*," are the natural results of the demonetization of silver, which began in injustice and is culminating in disaster. The folly of that policy is only equaled by the folly of hoping that prosperity can be restored while that main and principal cause of existing evils is still at work. What is doubtful is whether even with the use of both gold and silver there may not be a most injurious "*pressure of transactions and commodities on the precious metals.*" The fatal effects of discarding either of them are only too clear, and those who advocate it are, wittingly or unwittingly, the enemies of the human race.

A general view of the industrial prostration in Europe, dating with 1873, is presented in the annual tables of the *Moniteur des Intérets Matériels* of Brussels, a very high authority, of the offerings in the European markets of new shares and new bonds in industrial undertakings, such as mines, railroads and manufactures. These figures, which, if not absolutely correct, are likely to exhibit accurately the proportions between different years, are as follows:

1872	...	$968,362,500	......	1874	...	$432,450,000
1873	...	897,450,000	......	1875	...	147,637,500

The United States, even if its paper currencies had been left undisturbed, could not have escaped grievous injury from the demonetization of silver. The heavy interest account on its indebtedness held in Europe must be paid by the export of products and their sale at metallic prices, which were certain to fall, and have fallen, through the pressure brought upon European gold markets by the adoption of the single gold standard in Germany and other countries. But the paper currencies of this country were not left undisturbed. On the contrary, they had been constantly and largely contracted from the close of the civil war down to 1873, and a shrinkage of accepted paper currencies has the same effect upon prices as a shrinkage of metallic money. Between 1864 and 1875 the population of the country was nearly doubled by the addition of the people of the Confederate States in 1865, and by the natural increase of both the sections whose union was then restored. As a consequence, the productive forces of the country and the demand for money to measure and exchange the fruits of its augmented industry were increased, if not in as great a ratio, at any rate very largely. But during this period the volume of paper currencies was steadily shrinking in the United States, while the metallic money of the specie-paying countries of Europe was undergoing the same process.

Later on, the Specie-Resumption Act (January 14, 1875) was passed. Its true character, as now interpreted, was neither avowed in Congress nor understood by the country at the time of its passage. The phraseology of the act cre-

ated the impression that there was to be no reduction of the aggregate of paper money, but that legal-tender notes were to be diminished only as bank notes were increased. As the act is administered in practice, both classes of notes are being reduced at the same time, while the population of the country is expanding. The words of the act may justify this method of administration, but it was not with that understanding that it was sanctioned by Congress.

A more fatal misconception grew out of the ignorance, which prevailed almost universally until after the passage of the Resumption Act, that silver had been demonetized, and hence, that a law providing for specie payments was really a law for gold payments. The people were not aware that coin then meant gold, and that coin payments involved the shriveling of all values to the measure of a single metal. They were in favor of resumption but not confiscation, and they were not aware that resumption as proposed was but another name for spoliation. Although the period fixed for this spoliation was nominally in the future, it actually commenced at once and is now proceeding day by day. It having been made certain, so far as the law could make it certain, that each dollar of the actual money of the country would, on a given day in the near future, be raised to the value of a gold dollar, the universal tendency was, and has continued to be, to change all forms of property into money, and to refuse investment in either property or productive enterprises. Money capitalists, knowing the disastrous effects which the impending fall in prices would have on the financial condition of borrowers, prudentially withdrew or diminished all credits, and hastened to realize on securities. They have never been deceived for one moment by the idle fallacy that resumption in gold involved an appreciation in the value of the legal-tender notes and a fall in prices, only to the extent of the present difference between the value of those notes and gold. They know that the appreciation of legal-tender notes must reach that vastly higher level which the value of gold must reach when hundreds of millions of it are demanded for resumption, and that prices will sink to a corresponding point of depression.

It is through these plain processes, that he who runs may read and understand, that the crushing effect of the demonetization of silver is already felt, although practically and legally the money of the United States is still paper. It is through these plain processes, although real resumption in gold is neither possible January 1, 1879, nor on any other day, except through a great increase of the world's stock of gold, or on the basis of universal bankruptcy, that every effort made to reach such resumption, by locking up paper or gold, is a disastrous step towards that basis. It is through these plain processes that the stagnation and paraly-

sis in commerce and industry everywhere visible, which had already been brought about by a contraction in the volume of money, are being aggravated and intensified as the time approaches for that unknown measure of contraction, which will be absolutely necessary to render the paper money of the country constantly convertible into a stock of gold that must be ruinously meagre, unless some great commercial country shall consent to suspend specie payments for our especial benefit.

PROFESSOR JEVONS ON SILVER.

At the meeting of the Social Science Association, which was held at Saratoga, in September, papers were read by Professor Stanley Jevons, of Manchester, England, and B. F. Nourse, of Boston, on the Silver Question. Samuel P. Ruggles, of New York, addressed the Association in opposition to a double standard of silver and gold, favoring the use of gold exclusively. George A. Potter, of New York, criticised Professor Jevons' paper, and favored the use of gold, silver, and paper together. Dr. E. V. Wright, of Washington, spoke in behalf of a single standard, which should be of silver. Professor Otterburg, of Princeton, spoke against a double standard.

A paper was read by Gamaliel Bradford, of Boston, on "The Prospect of Resumption," in which he took ground to the effect that there ought to be a change in the manner of doing public business. He claimed that the Executive Department ought to have a policy, and should be allowed to carry it out.

John P. Townsend, of New York, read a paper on "Savings Banks," following it with some remarks. He criticised sharply the conduct of managers of savings banks in building extravagant offices and in paying large salaries.

The address of Professor Jevons is subjoined:

It is evidently impossible to discuss the innumerable facts of the silver question in a brief paper like the present. My purpose must be restricted almost entirely to expressing the conclusions which force themselves upon an English reader of the recent discussions. In several official publications—in the excellent minority report of Professor Bowen, or the works of Mr. Blake, M. Cernuschi, Mr. S. Dana Horton, in Mr. W. L. Fawcett's useful "*American Handbook of Finance*," and in numerous minor books or articles—we have abundance of facts. We are not likely, at present, to get more information of importance, and our task, therefore, is to digest what we have, and to interpret its outcome wisely.

The general result, as it appears to an Englishman, is that the United States should not, or rather cannot, adopt the double standard. If the attempt be made, it must be made either with or without the similar action of other nations. But the first supposition is easily disposed of. The notion of M. Cernuschi, that there might be a congress of nations, and that the leading commercial States might be induced to unite in adopting bi-metallic money, is chimerical. Several of the more important European nations have, for the present, no hope of using coin, whether gold or silver. Germany is only now establishing an excellent currency on a gold basis, and is most unlikely to abandon it without further trial. The Scandinavian kingdoms have no reason for retracting their late adoption of gold, which has done no harm. Even France, which has still the law of the double standard in nominal existence, shows no desire to put it into operation again, having experienced the trouble of an alternating standard and a heavy silver currency.

As to England, there is not the most remote chance that the proposal would be accepted or even entertained here. The present English system of metallic

money has now existed almost unchanged since 1816, and it has worked so satisfactorily in most respects that it would require very strong reasons for making a fundamental change. Even were there a considerable weight of evidence in favor of the double standard, it would probably be found impossible to persuade the House of Commons to accept it. In nothing is the English nation so conservative as in matters of currency.

To show this by some instances, I may mention the question of decimal money. Nothing is more apparent than the superiority of a decimal system, like that of the United States or France, over our £. s. d. The subject has been discussed *ad nauseam*, for forty or fifty years, and some of the ablest men, such as the late Professor De Morgan, wasted great labor in advocating the obvious reform; but nothing has been done, and we are, perhaps, further from success than ever. Again, there is absolutely no sensible reason against the use of one-pound notes, which have been in constant circulation in Scotland from the first origin of the Scotch banks. But an English Chancellor of the Exchequer would not venture to propose their use in England. When it was shown, a few years ago, that the alteration of the pound sterling to the extent of two pence would probably lead to the establishment of international money, our financial wiseacres decided that it could not be done. What, then, would be the reception in England of a proposal to subvert our standard altogether? So long, too, as the mother-country retains the gold standard there would be no chance of the Australian and South African colonies abandoning it. If, then, the United States were to adopt the double standard they would throw into confusion the monetary relations of the foremost commercial nations, while the universal bi-metallism, essential to the success of M. Cernuschi's schemes, would be as far distant as ever.

If, indeed, the adopted legal ratio of gold and silver were such as to enable gold to circulate in the United States, then no effect on the value of silver would be produced, and all the discussions would end in nothing. If the legal ratio were fifteen and a half to one, as proposed, then full weight gold coins could not circulate, and the currency and the standard of value would consist of silver only. American trade would be hampered by a money fifteen and a half times as heavy as it need be. Americans would be loading themselves with silver fetters; and for what purpose? In order that the rest of the world might enjoy the superior convenience of gold money. While other advanced nations are passing, one after another, from the silver age of currency to the golden age, America, and probably America alone, will be stepping back from the gold age into the silver age. This seems to me about as wise as if the men of the bronze age had solemnly decided to reject bronze, and to go back into the stone age. In a matter of this sort, we must take account of general and long-continued tendencies, and the tendency now appears to be inevitably toward the general adoption of gold as the standard money.

In the last six centuries both the precious metals have become greatly depreciated. An agricultural laborer can now earn in England, by a day's labor, about ten times as much silver as he could six centuries ago (about 350 grains of standard silver, as compared with thirty-four grains). Silver, too, is depreciated more than gold; in the middle ages the ratio was ten or twelve to one; now it is sixteen, or even twenty to one.

To attempt to arrest progressive changes of this kind is blind and vain striving against Providence. Why should we try to keep silver dear? If the mines of America yield so beautiful a metal in sufficient abundance, why should we not enjoy the use of it for ornamental and useful purposes, for which it is at present too expensive? Why should we wilfully employ it in the very way in which it is not useful, but simply inconvenient? When looking at pictures of Indian women, who load themselves with silver bangles and anklets, it is difficult to help wondering how such a weight of ornaments can add to the enjoyment of life. Vanity can explain a good deal, but what can explain the wish of the Americans to load themselves with silver coin, from which they will derive no gratification whatever? The benefit, if any, will fall to other nations which can use gold in greater abundance, and no American will be better off, unless, indeed, it be the few proprietors of silver mines, who, being rich already, will become richer still.

I might go on to show that, even if America could establish the double standard, and succeed in inducing other nations to do so likewise, the advantages of so great and so difficult a measure are of a very speculative and doubtful kind. I quite concede to MM. Wolowski and Cernuschi, that the bi-metallic system does spread fluctuations of supply and demand over a wider area. I have tried to explain in my book on "*Money*," that gold and silver, free from the action of a legal ratio, are like two unconnected reservoirs of water, each liable to be raised and lowered in level, by various accidents. Establish a communication between these reservoirs, and then each new supply spreads itself over a double area, and each new demand is supplied with less effect upon the general level. The legal-currency ratio of fifteen and a half to one actually does establish a communication of this sort between the reservoirs of gold and silver in the world; but it does not, therefore, follow that it is desirable to establish the communication.

To say the least, it is quite open to argument that silver is now a metal less steady in value than gold. If one mine, like the Comstock lode, produces so serious an alteration in the supply, what may we not apprehend when the mineral treasures of Peru and Mexico are opened up by Anglo-Saxon miners? Both Humboldt and Murchison were of opinion that enormous supplies of silver would some day be obtained from South America, and what has occurred in Nevada lends probability to their predictions. Moreover, silver is drawn almost exclusively from regular mines, and it is extracted from ores, so that the advance of mechanical and metallurgical science tends to cheapen it in the same way (though not in so great a degree) that it cheapened iron and steel. This is much less true of gold, which is found to a considerable extent in the native state, in surface deposits. Gold is a widely diffused metal, and there are large tracts of auriferous deposits which might be worked if an increased demand for gold should make it profitable.

Under these circumstances it is probable that the double standard, or, as it ought to be called, the *alternative standard* will be really less steady in value than the gold standard alone. Indeed, it is difficult to help looking upon the adoption of a silver standard now (and the double standard would not differ much in practice from a single silver standard) as approximating indirectly to an act of partial repudiation. I take it for granted that if the United States were to adopt silver, the Federal and State Governments would make provision for the payment of past obligations, including the whole National debt, State and city debts, railway bonds, etc., in the gold money in terms of which they were contracted. I am sorry to see, indeed, that M. Cernuschi, if I read him rightly, proposes that "all existing debts, stipulated in dollars of whatever denomination, shall, without exception, be payable in the new bi-metallic currency." Such a measure would verge closely upon a breach of faith, for the change would be made on the ground that silver is depreciated. And if, as is probable, the bi-metallic system would not restore silver to its original value, then creditors will plainly lose, to the advantage of debtors.

One of the most powerful arguments in favor of the double standard is founded on the idea that there will not be gold enough to meet alone the advancing needs of commerce. Prices, it is said, will fall, and the burden of debt will be increased by the demonetization of silver. But there is no proof, and not even a probability, that such results will follow. In the past thirty years the supply of gold has certainly been excessive, as shown by the progressive rise in the cost of living in almost all parts of the world. The same tendency to progressive depreciation of the precious metals has been going on, as I have already remarked, for centuries. Should the adoption of a gold-metallic currency, in America and elsewhere, tend to slacken this continual fall of value for a time there would be nothing to regret in the result; but I doubt if it would even do this.

On the one hand, there is no good evidence of any considerable falling-off in the excessive supplies of gold yielding by California and Australia. Elaborate calculations have been made to show the inadequacy of the gold supply. I am much inclined to agree with the late Mr. Bagehot, who, in the course of his excellent evidence concerning the depreciation of silver,

said that estimates of the stock of gold and silver were not worth the paper they were written on. Even the apparently precise returns of produce and amounts transmitted are probably most inaccurate. But, even taking these returns, Mr. S. Dana Horton, in his ingenious work on Gold and Silver (p. 28), comes to the conclusion that the net annual supply of gold for the use of money is twice that of silver—namely, sixty millions of dollars, as compared with thirty millions. Now, if we remember that of the whole population of the world, probably two-thirds use silver coin exclusively, and are in the habit of melting it up and burying it in the earth, whereas those who use gold use silver also for subsidiary currency, I cannot see that there is any evidence of gold becoming comparatively deficient. Mr. Horton concludes, too, that the present annual addition of new gold is 1⅔ per cent. of the total stock of gold money, while that of new silver is only about one per cent. of the silver money. So far as such calculations have any weight, they are strongly in favor of a gold standard. I may add that Mr. Hellingberry, after an elaborate inquiry, carried out for the information of the Indian Government, comes to the conclusion that the production of gold is much underestimated; that there has been little falling-off in the aggregate yield and that there is little prospect of any further falling-off. It should be remembered, too, that the produce of the Comstock lode consists of gold to the extent of forty-five per cent. in value.

On the other hand, I see no probability that any great nation except the United States will soon want a considerable supply of gold. Russia, Italy, Austria, Turkey, and other States with depreciated currencies, are not likely to coin much gold at present. France already has the largest stock of gold ever accumulated in one place and can hardly want more. The Scandinavian kingdoms have already exchanged their small bank reserves of silver for gold, and their gold currency makes no progress. England already has a currency mainly composed of gold coin and cannot want more than the usual annual addition, which is probably not the half in reality of what it seems to be by the returns. Germany, no doubt, is still absorbing gold, but the quantity absorbed is really much less than what is coined. In looking round in this way it is difficult to see where any very great demand is likely to arise simultaneously with the American demand. No doubt, as I have said, the use of gold money will gradually progress, but a costly change of this kind will take decades or even centuries of years to carry out.

Nor will the United States require any very great quantity of gold when they resume specie payments upon a gold basis. It is quite a mistake to suppose that, because a currency is convertible into gold at will it is therefore actually converted into gold. In England we have a great quantity of gold coin, because there is an absurd prejudice against the use of one-pound notes, so that sovereigns must be used as change for five-pound notes. In Scotland it is just the reverse, and it is not uncommon for a beautiful gold sovereign to be actually refused and a one-pound note demanded instead. In Sweden and Norway there has long been in use a well-regulated paper currency, and, so far as my own observation goes, there is little prospect of the new gold coin beating out the notes.

So, in the United States the resumption of specie payments does not mean, necessarily, that all the notes shall be replaced by gold coins. Gold is not really requisite, except for making international payments, and the stock kept need not be very much larger than will meet any conceivable demand for exportation. Provided that the amount of notes afloat is made to rise or fall by the exact amount of gold added to or drawn from the reserve, in the manner of the Bank-charter Act and the present German system, it is possible to have a currency conforming exactly to the variations of a gold currency and yet consisting mainly of paper.

The resumption of specie payments seems to me to need no heroic measure whatever. Already the premium on gold is so low that, if the dollar were made coincident with the five-franc piece the paper dollar would be almost at par. The difference of about two per cent. would disappear of its own accord as trade becomes brisk again. The par having been once established it would be possible to begin making specie payments in gold in a partial

manner, as is actually done at present by the Bank of France. Payments might at first be limited to small sums, or fenced round with such conditions and precautions as would prevent any sudden run for gold. After the novelty of specie payments was worn off these precautions might be gradually abandoned, and convertibility would be achieved without any violent change whatever. Nor does there seem to me to be any need to make National bank notes convertible to any amount at the bank issuing them. They might continue to be convertible into Treasury legal-tender notes, which would become convertible into gold at Washington, or such other few spots as might be selected for the deposit of the reserve. As gold is really only needed for international transactions the reserve should be concentrated and not dispersed over a great many local and minor banks.

Finally, as regards the future American dollar I agree nearly, but not entirely, with Professor Francis Bowen. Excepting in a few minor points I believe his report to be true and wise from beginning to end, and I trust that his recommendations will, for the most part, be adopted. He proposes that the dollar shall contain 22.6 grains of gold, so that the five-dollar piece may be the exact equivalent of the pound sterling. The choice ought, doubtless, to lie between this and the twenty-five franc piece and those who do not yet quite despair of international currency would prefer the latter. In this case the dollar would contain 22.40 grains of pure gold, and the American five-dollar piece, containing about a grain less gold than the sovereign, would be preserved in this way from being melted wherever it came into competition with the sovereign. It is a law of currency that the lighter coin lives and the heavier one goes to the melting-pot. In this way the American five-dollar piece would probably become the predominant gold coin until such time as the English people would see the wisdom of reducing their sovereign by two pence, and thus establishing a simple ratio between the Latin, American and English currencies.

But this is a matter only of detail. My principal purpose is accomplished if I have adequately expressed the strength of my conviction that, in trying to establish a bi-metallic money the American nation would be setting themselves against irresistible natural tendencies so as to insure defeat. For the sake of making those richer who are rich already they would be loading themselves with heavy metal, which, if it is to be abundant, had better be left to other uses or to those eastern nations who are too poor and ignorant to employ gold. It is the general rule in commerce to take care of "number one," but in bi-metallic money the rule is reversed, and "number one" is asked to carry silver coin in order to benefit "number two" and "number three."

SALE OF COUNTERFEIT NEGOTIABLE BONDS—LIABILITY OF VENDOR.

SUPREME COURT OF THE UNITED STATES—OCTOBER TERM, 1877.

UTLEY *et al.* vs. DONALDSON *et al.*

Defendant, at St. Louis, who had been offered some railroad bonds without guaranty as to their genuineness, telegraphed to plaintiff at New York for an offer to purchase. Plaintiff telegraphed back offering to take the bonds at a named price. On the same day defendant telegraphed to plaintiff—"We accept your offer." The bonds were sent to New York the same day, and also a letter from defendant to plaintiff, reading thus: "In accordance with your offer . . we replied we accept your offer. . . We should further add that we have purchased the bonds from a party strange to us, and not having handled any of the Pacific Central we would sell the bonds without recourse as to their being genuine; consequently please examine them, and upon being found correct telegraph immediately (Central all O K). We do not doubt the bonds, but coming to us through strange parties, we use this as a precaution and not willing to take any risk." The plaintiff received this letter four days after the telegram, and a few minutes before the bonds arrived with a draft for their price. Plaintiff had sold the bonds to arrive, and his vendee examined them and pronounced them good. Plaintiff paid the draft, and

telegraphed that the bonds were all correct. It was subsequently discovered that they were counterfeit, of which fact plaintiff notified defendant in time to have enabled him to probably secure himself.

Held, that the contract for the sale of the bonds was completed by the telegram of defendant accepting plaintiff's offer, and was not modified by the letter subsequently received, and plaintiff was entitled to recover the price paid for them.

In error to the Circuit Court of the United States for the Eastern District of Missouri. Action by vendees to recover the price paid for counterfeit bonds. The facts appear in the opinion.

Mr Justice SWAYNE delivered the opinion of the court.

This is an action at law, brought by the plaintiffs in error. The case was submitted to the court without the intervention of a jury, pursuant to the act of Congress of March 3, 1865. 13 Stat. 501.

The court found specially.

The question presented for our determination is whether the facts found are sufficient to support the judgment. Those facts are neither voluminous nor complicated:

On the 24th of May, 1871, Newman & Havens, bankers, of Leavenworth, telegraphed to Nichols, the cashier of the Commercial Bank of St. Louis, to "get rate for fifteen thousand dollars California Central Pacific Railroad bonds, delivered to-morrow." The defendants offered "100½" Newman & Havens accepted by a telegraphic dispatch. On the 25th of May Cashier Nichols rereived from Newman & Havens the bonds, and also a letter to which they said "the party selling these bonds is waiting here to get the money for them. He is an entire stranger to us." "We desire them sold without any recourse on us." On the same day Cashier Nichols showed this letter to the defendants and proposed to deliver the bonds without recourse. They refused to receive them on such terms, but offered to take them and pay for them when ascertained to be good; otherwise to return them. The cashier acceded to this proposition. On the same day, May 25th, the defendants telegraphed to the plaintiffs, who were brokers in the city of New York, "make best bid for fifteen Central Pacifics, quick." The plaintiffs answered that they would buy at 102½. Their dispatch to this effect reached the defendants about 10 A. M. the same day. The defendants answered by dispatch on that day, "We accept your offer." The bonds were delivered by the cashier to the defendants on the 25th of May, and were by them forwarded by express on that day to a bank in New York, with a draft on the plaintiffs for $15,375, the bonds to be handed over on the payment of the draft. On the morning of that day the defendants addressed a letter to the plaintiffs, which is the hinge of this controversy. It is as follows: "In accordance with your offer for 15 Central Pac. 1st mort. bonds, 102½, we replied, we accept your offer, and have forwarded them by ex. to Bank North America, with draft attached for $15,375. We would further add that we have purchased the bonds from a party strange to us; and not having ever handled any of the Pacific Central, we would sell the bonds without recourse as to their being genuine; consequently please examine them, and upon being found correct, telegraph immediately (Central all O K). We do not doubt the bonds, but coming to us through strange parties, we use this as a precaution, and not willing to take any risk."

This letter reached the plaintiffs on the 29th of May, a short time before the draft and bonds were presented. The plaintiffs had sold the bonds "to arrive" to Rasmus & Lissignoli. They could not be delivered after 2 o'clock. It was within a few minutes of that time when the messenger of the bank presented himself. One of the plaintiffs went with the messenger to the office of their vendees and requested Rasmus to examine the bonds. He did so, said they seemed to be correct, and thereupon gave a check for the amount his firm had agreed to pay for them. This check was duly paid. On the same day the plaintiffs wrote to the defendants, "the Centrals all correct, and we telegraphed you to that effect." Such a dispatch had been sent. Upon receiving it the defendants paid the bank for the bonds, and the money was remitted by the bank to Newman & Havens. On the 12th of June information was received for the first time in New York or elsewhere that there were counterfeits in existence of such bonds. On that day the plaintiffs wrote to the defendants,

"look out for counterfeit Central Pacifics; some appeared on market to-day." On the next day the plaintiffs telegraphed to the defendants, "Central Pacifics sold us probably counterfeit. Bonds shipped to Europe. Can't hear from them for several days." On the same day the plaintiffs wrote to the defendants to the same effect, and said further: "In case your parties are doubtful it would be well to act at once as if the bonds were not genuine. There has been no suspicion of counterfeits until yesterday." On the same day, June 13, the defendants replied by dispatch: "We sold without risk. Have purchased same day from Commercial Bank, and they from Newman & Havens, of Leavenworth, without risk." The bonds were counterfeit, and the plaintiffs refunded to Rasmus & Lissignoli the amount they had paid. On the 12th of July the plaintiffs telegraphed to the defendants, "the Central Pacifics bought of you in May are declared counterfeit. We shall look to you for indemnity." On the same day the defendants replied by telegraph and asked upon what ground it was proposed to hold them liable. Some subsequent correspondence took place between the parties which it is unnecessary to refer to in detail. The plaintiffs asked a transfer of the claim of the defendants, whatever it might be, but without guarantee, against the bank. This the defendants refused to give. The money paid to Newman & Havens by the bank was not called for by the party from whom they received the bonds for two or three weeks after the money was paid to them. Before examining the case in its strictly legal aspects it is proper to make several remarks suggested by the facts as found.

(1) The defendants sold the bonds absolutely by their dispatch of the 25th of May. The qualification insisted upon was by their letter of that date received by the plaintiffs on the 29th. If the defendants intended to qualify, it should have been done in the dispatch. This would have given the plaintiffs notice in time for reflection before the presentation of the draft, might have prevented their selling the bonds before the letter was received, and would have enabled them to avoid the hurry and confusion incident to the payment of the draft and the delivery of the bonds to their vendees. If the draft had not been paid at sight it would doubtless have been protested.

(2) The circumstances attending the purchase of the bonds by the defendants are shown in our analysis of the facts of the case. The statement in the letter upon the subject is not accurate.

(3) They refused upon any terms to put the plaintiffs in their place with respect to any claim they might have against the Commercial Bank.

(4) They were notified on the 12th of June that the bonds were counterfeit. If they had thereupon at once caused Newman & Havens to be advised also, it is not improbable that the latter would have retained the funds, and thus have saved from loss all the honest parties through whose hands the bonds had passed. The defendants failed to take any step whatever in this direction.

It cannot be questioned that the dispatches between the parties on the 25th of May constituted a complete contract of sale, upon the condition or with an implied warranty, which it is not material here to consider, that the bonds were genuine. Nor can it be doubted that if the bonds had been delivered without any thing further occurring, the defendants, upon the bonds proving to be counterfeit, would have been liable in this action. *Taylor* v. *Merchants' Fire Ins. Co.*, 9 How. 390; Benjamin on Sales, 56; *Flyn* vs. *Allen*, 57 Penn. St. 482; *Webb* v. *Odell et al.*, 49 N. Y. 583.

Was this contract changed so that this condition or warranty was waived by the plaintiffs? In other words, did the letter of the defendants propose the modification insisted upon, of the pre-existing contract, and if so, did the plaintiffs agree to it, and accept the delivery of the bonds accordingly?

We pass by without remark the plaintiffs' propositions that the alleged modification was within the statute of frauds, and could not therefore be effectually accepted otherwise than in writing; that there was no consideration for such an agreement, and that, if made, it was contrary to public policy and therefore void. The view which we take of the case renders it unnecessary to consider either of these points.

The first sentence of the letter relied upon by the defendants recognizes distinctly the contract as made by the dispatches. The defendants say: "In accordance with your offer for 15 Central Pac. 1st mort. bonds, 102½, we

replied, we accept your offer, and have forwarded them by ex. to Bank North America, with draft attached for $15,375."

This standing alone would have been a mere carrying out of the contract as made, and as it must have been understood by both parties. The stress of the case is upon what follows. The letter proceeds: "We would further add that we have purchased the bonds from a party strange to us." They had in fact bought them from the Commercial Bank, but were not to take them unless genuine, and were not to pay for them until found to be so. Next: "And not having ever handled any of the Pacific Central, we would sell the bonds without recourse as to their being genuine; consequently *please examine* them, and upon being found correct telegraph immediately (Central O K)." The phrase, "we would sell without recourse," considered in the light of the context and the circumstances, may well be interpreted to mean that the writers would *prefer* or *like* so to sell, if it could be done. This view derives support from the succeeding member of the sentence, "please examine," etc. Examine for whom? It is not said *examine for yourselves.* The language employed is usual where the thing asked is for the benefit of the asker, but not where it is for the benefit of the party addressed. Lastly, it is said: "We do not doubt the bonds, but coming through strange hands we use this precaution, and are not willing to take risk." This is consistent with the construction we have given to the preceding clause. If the examination the plaintiffs were requested to make showed clearly that the bonds were not counterfeit, then there could be no risk, whether the sale was with or without warranty of genuineness. In connection with these views it is to be observed that while the bonds and draft were sent on pursuant to the original contract, which is distinctly recognized, it is not said in the letter in plain terms, such as would naturally have been used if such had been the intent of the writers, *we will sell only at your risk as to genuineness. We will not guarantee it—examine for yourselves. If the bonds are counterfeit, and you take them, the loss will fall upon you, and not upon us.* If this language, or terms equally clear and explicit, had been used, the case would have presented a very different aspect. "Every intendment is to be made against the construction of a contract under which it would operate as a snare." *Hoffman* vs. *Ætna Ins. Co.*, 32 N. Y. 405.

Upon the whole letter, considering what it does and what it does not contain, we are unable to come to the conclusion that the defendants intended to require that the modification since insisted upon should be made, and to make such modification the condition upon which the plaintiffs should take the bonds, if they took them at all. This result leaves the rights of the parties as they were under the original contract, and entitles the plaintiffs to recover.

But conceding for the purposes of this opinion that the letter did contain such a proposition or annunciation as is insisted upon, then the inquiry arises whether it was so understood and agreed to by the plaintiffs.

There can be no contract without the mutual assent of the parties. This is vital to its existence. There can be none where it is wanting. It is indispensable to the modification of a contract already made, as it was to making it originally, where there is a misunderstanding as to any thing material, the requisite mutuality of assent as to such thing is wanting. Consequently the supposed contract does not exist, and neither party is bound. In the view of the law in such case there has been only a negotiation, resulting in a failure to agree. What has occurred is as if it were not, and the rights of the parties are to be determined accordingly.

In *Phillips* vs. *Bistotti*, 2 B. & C. 511, the defendant was a foreigner and understood the English language imperfectly. Certain jewelry was struck off to him at auction for 88 guineas. He was sued for that amount and set up as a defence that he thought he had bid 48 guineas. Abbott, Chief Justice, left it to the jury to find whether the mistake had actually occurred, "as a test of the existence of the contract." Benj. on Sales, 43.

In *Baldwin et al.* vs. *Middleburgher*, 2 Hall, 176, the defendant bought merchandise of the plaintiff, and it was agreed that it should be paid for by the note of a third person payable to the defendant, to be by him indorsed to the plaintiff. After the goods were delivered the note was tendered, indorsed

without recourse. The plaintiff refused to receive it, insisting that the agreement was that the note should be indorsed without this qualification, and thereupon brought the suit. The court left it to the jury to find whether there was a misunderstanding between the parties as to the manner of the indorsement. The jury so found, and it was held that the plaintiff was entitled to recover as if there had been nothing said about the note, there being no such assent of the two minds as was necessary to make a contract in relation to it.

In *Coles* vs. *Browne*, 10 Paige, 526, a block of lots was struck off at auction to the defendant. The plaintiff insisted and proved that the sale was of the lots separately. The defendant insisted that his bid was for the entire block as one parcel, and that he so understood the premises to be offered and sold. The vendor instituted the suit for specific performance. The evidence rendered it doubtful whether the defendant's allegations as to his understanding and bid were not true, and upon that ground the chancellor dismissed the bill. If there was a misunderstanding on the subject between the parties, there was clearly no contract. See, also, *Calverly* vs. *Williams*, 1 Vesey, jr., 210; *Saltus* vs. *Pryn*, 18 How. (N. Y.) Pr. 512; *Bruce* vs. *Pierson*, 3 J. R. 526; *Crane* vs. *Portland*, 9 Mich. 493; 2 Parsons on Cont. (4th ed.) 475, *et seq*.

It is essential to the validity of a contract that the parties should have consented to the same subject-matter in the same sense. They must have contracted *ad idem*. *Hazard* vs. *N. E. M. Ins. Co.*, 1 Sumn. 218.

"Where a written agreement exists and one of the parties sets up an arrangement of a different nature, alleging conduct on the other side amounting to a substitution of this arrangement for the written agreement, he must clearly show not merely his own understanding as to the new terms of arrangement, but that the other party had the same understanding." *Darnley* vs. *The Proprietors, etc.*, 2 L. R., H. L. Clark, pp. 43,60.

The plaintiffs were not asked to assent expressly with respect to the waiver of the warranty, if it were demanded, and made no such answer. They were asked to "please examine," etc., and to telegraph the result. This they did. The dispatch was wholly silent as to any thing else. That they understood the waiver was demanded as a *sine qua non* in no way appears. On the other hand, the contrary is clearly manifest. The moment they had reason to apprehend that the bonds might be counterfeit they notified the defendants, and as soon as it became certain they were so, the defendants were advised of the fact and that they would be looked to for indemnity. The defendants denied their liability by reason of their letter. In due time this suit was brought. Conceding that both parties have acted in good faith, it is clear that there was a misunderstanding between them as to the meaning and effect of the letter, and that the plaintiffs never understood and agreed to it as it is now interpreted and insisted upon by the defendants. The *aggregatio mentium* requisite to give that interpretation effect was, therefore, wanting.

To constitute the abandonment of a contract the act must be mutual. *Robinson* vs. *Page*, 3 Russ. 122.

It has been held that to make a negotiation for the modification of a contract effectual, it must appear that it was the intention of the party proposing it wholly to abandon the original contract, if the modification proposed were not assented to. *Murray* vs. *Harway*, 56 N. Y. 347; *Robinson* vs. *Page*, *supra*.

"A waiver of a stipulation in an agreement, to be effectual, must be made intentionally and with knowledge of the circumstances." *Darnley* vs. *The Proprietors, etc*, *supra*, pp. 43-57; *Howard et al.* vs. *Carpenter*, 2 Md. 259.

When one party assents to a contract, relying upon the representations of the other, his assent is given upon the condition that the representations are true. *Duncan* vs. *Hoge*, 24 Miss. 671.

Upon the whole case we are of opinion that the judgment of the court below should be reversed and a judgment entered for the plaintiffs in error, and it is so ordered.

The proper mandate will be sent to the Circuit Court.

Mr. Justice Davis did not hear the argument in this case and took no part in its decision.

Strong, Clifford and Hunt JJ., dissented.

CONVENTION OF THE AMERICAN BANKERS' ASSOCIATION.

[Reported expressly for the BANKER'S MAGAZINE.]

FIRST DAY.—*Wednesday, Sept.* 12, 1877.

The Convention was held at Association Hall, corner 23d Street and Fourth Avenue, New York. The first session began on Wednesday, September 12th. and was opened at 11 A. M., by the President, Hon. CHARLES B. HALL of Boston, who said:

Gentlemen of the Convention: This is the time and place for the annual meeting of our Association which is called by order of the Executive Council and in the manner prescribed by the Constitution. I will read you the call for this meeting.

NEW YORK, 11 August, 1877.

DEAR SIR,—You are respectfully invited to attend the Annual Convention of our Association, to be held in this City on the 12th, 13th and 14th of September next. The objects of the Convention are of such vital importance that every individual connected with the banking business, either as an officer, a shareholder, a director or a dealer, is personally interested; and it is desirable that a large delegation should attend from all parts of the United States. The time has arrived when our banks and bankers must recognize the necessity of acting together and of cultivating a closer union for great common objects, conducive alike to the recuperation of business, the improvement of public and private credit, and the general prosperity of the country. We intend to send you, in a few days, a copy of the addresses and proceedings of the delegation from this Association before the Committee of Ways and Means at Washington, last February. The subjects of this report are of such magnitude in relation to the financial and industrial, the agricultural and manufacturing interests of the country, that a conspicuous place will, no doubt, be given to them in the programme of our Annual Convention.

You will receive further information as to the topics and the speakers when our Committee of Arrangements have perfected their plans. Never has there been a period in the fiscal history of this country when, as since the war, the banks have been singled out for heavy, disastrous, and discriminating taxation. In 1865, when the corresponding war taxes on other interests were removed the war taxes of the banks ought also to have been taken off. We are informed by congressmen of influence that if we had joined the other suffering interests in appealing to Congress we should undoubtedly have obtained relief. We neglected to do so; and the consequence is that the taxes of the Federal Government upon the banks, and through them upon the business community, are almost the only surviving relics of those special taxes which it was designed to sweep away at the close of the war.

Besides this vital question of tax repeal, which is so necessary for the prosperity of business and for the very existence of our banks in many parts of the country, there are other practical subjects which will, of course, claim the attention of the Convention. Prominent among these is the unrestricted power to issue municipal, county, and other bonds, by which heavy burdens of taxation are being foisted upon the people. These burdens are now so galling as to be a frequent menace to our public credit at home and abroad. Unless some judicious restrictions can be devised to stop these reckless issues of bonds the outcry in favor of repudiation will be oftener heard in the future; although it is evident to any reflecting citizen that the issuers of such bonds are the men who should be punished, and not the honest holders who have given their money in good faith for them.

In introducing the various discussions during our three days' sessions addresses will probably be given by eminent men on the remonetization of silver, on the resumption of specie payments, and on the union of the banks for the refunding of the debt: as well as on other subjects illustrating the powerful influence of the banking system upon public and private credit, and the financial evils which, by injuring our banking efficiency, inflict a corresponding harm upon all kinds of trade and industry.

We shall be glad to hear from you on any of the foregoing topics at your earliest convenience. The present circular is chiefly intended as a preliminary announcement of matters upon which we wish to consult you.

Yours truly, JAMES BUELL, *Secretary.*

Allow me to congratulate you, gentlemen, on the number of delegates present. I expect it will be largely increased during the day, and I think the questions to come before this Convention will show an increasing interest in matters that are really vital to the banking and commercial interests of the whole country. We have been through for several years a term of sadness and depression which has affected all the principal business interests

of the country. I believe, gentlemen, that we have passed over the bottom line of this sadness of spirits and depression and shrinkage of values. The crops all over our country, which are the smiles of a divine Providence are immense, and all that is not wanted by us will be wanted by other countries, to be paid for at fair prices which will give to us as a nation large gains. I think you will all agree with me, that the general business of the whole country begins to move and improve. I will not anticipate the business of the Convention by discussing the subjects that will probably come before it, but you will allow me to say and express the hope that our deliberations will be such and that our resolutions will be such that they will commend themselves to the people of the whole country and especially to the Congress of the United States. I think we need some legislation, which you can indicate perhaps, that will in its own good time give us permanent specie payment—some legislation that will remove the burdensome, unjust, and double taxation which now rests on the whole banking interest of the country—some legislation that will remove forever the nuisance act of a two-cent stamp on bank checks. With judicious legislation and economy as individuals and as a nation I think we shall move on, the business of the country will move forward steadily at once and we shall increase in numbers, in wealth and in prosperity. Let us then, gentlemen, all of us, in whatever capacity we occupy, as individuals or as public officers, do all in our power on all occasions, to hasten that happy day. (Applause.) The next matter on the calendar, gentlemen, prepared by the Executive Council, is the Call of the Roll of the Convention. What is the pleasure of the Convention?

Mr. McMICHAEL, of Philadelphia—I move that, as the names are all recorded in the book prepared for that purpose and as it will take a good deal of time, the calling of the roll be dispensed with.

This proposition being seconded and carried unanimously, the Chairman said: The next matter is the Report of the Executive Council and the Report of the Treasurer. Is the Executive Council ready to report? Mr. BUELL, Secretary, will report for the Council.

REPORT OF THE EXECUTIVE COUNCIL.

Pursuant to the resolutions passed at the Convention at Philadelphia last year and to the Constitution then adopted the Executive Council of nine organized without delay for the work devolving upon the Association. At their first meeting Mr GEORGE S COE was unanimously appointed Chairman, Mr. JAMES BUELL, Secretary, and Mr. GEORGE F. BAKER, now President of the First National Bank of New York, was appointed Treasurer. Between September and December 17,200 letters were sent out and received in connection with the Treasurer's office, and 17,784 letters in connection with the Secretary's office. The total correspondence during these three months was thus 34,984 letters. Since that period 37,411 letters have been sent out and received, making a total for the year of 82,395. In addition to this private correspondence articles have been extracted from the New York newspapers and from many newspapers of the interior, and have been reprinted in slips for the information of our members and their representatives in Congress and of the newspaper press in various parts of the country. The number of these slips which have been circulated during the year is 201,838, each slip usually containing from one to three editorial articles on topics connected with bank tax reform and other vital questions regarding the solvency and stability of our financial system. Besides this branch of its labors the Executive Council have issued and put in circulation 95,840 newspapers, pamphlets and journals.

Another department of the labors of the Executive Council has been to act directly upon the members of Congress so as to inform their minds and to remove certain prejudices which in some quarters have existed and still exist to the detriment of our banks, and especially in regard to bank taxation. Recently it has been the continual effort of the Council to lead the members of our Association and all other bankers and bank officers throughout the country to speak personally to their members of Congress or to write to them for the purpose of giving them full, accurate information as to the pressure of

bank taxation and the mischiefs which it is inflicting upon the commerce and industry of the country. Last February a bill was prepared by the Executive Council, in concert with the Comptroller of the Currency, for the repeal of bank taxation. In order to present this proposed law in its true light before the Committee of Ways and Means a deputation was sent to Washington, who had an interview with the Committee on the 7th February and presented various arguments in favor of the bill, a copy of which has been sent to every member of Congress and to every bank and banker and to every savings bank, Trust Company, Chamber of Commerce and Board of Trade in the United States. But for circumstances, to which we need not now refer, it is believed that we should have succeeded in obtaining relief; had Congress had time to have discussed the bill, some favorable action would probably have been secured. During the coming Session it will be necessary to renew the labors of the Association in this respect and push them forward with the utmost vigor.

Another of the numerous methods adopted by the Executive Council for strengthening the organization of the Association has been by the visits of the Assistant Secretary to various parts of the country, especially the West, in order to promote unity of effort and to aid in the attainment of the utmost activity in the prosecution of our work. The results of these labors, so far as they have been prosecuted, have been such as to afford encouragement to continue and extend them.

In concluding their report the Executive Committee desire to call the attention of the Convention to the proposed amendment of the Constitution. It was submitted, prior to the last meeting of the Executive Council, on the 3d July, by Mr E. B. JUDSON, President of the First National Bank of Syracuse. It proposes the amendment of section 3 of the Constitution, increasing the number of members constituting the Executive Council.

Mr. JUDSON, in moving the adoption of the report, suggested that the Executive Council of twenty-one should appoint a sub-committee of five. This arrangement would give at all times a quorum. The same end would be gained if it were arranged that in the Executive Council the quorum should be five. Either way would probably answer the purpose equally well.

The CHAIRMAN—Gentlemen, you hear the report of the Executive Council through their Secretary, what is the pleasure of the Convention? The report was unanimously accepted.

The CHAIRMAN—The report of the Treasurer, Mr. BAKER, is next in order.

The Treasurer's report was then read. It showed a balance from last report of \$557.21 to the credit of the Treasurer. Besides this sum, the dues received from members during the year amounted to \$17,389; thus the total receipts of the year were to \$17,946.21. The disbursements of the year were as follows: Postage, printing and stationery, office expenses and expenses of Executive Council attending meetings, visiting Washington, &c., \$2,011.94; rent of office, \$875; expenses Annual Convention at Philadelphia, \$1,210.60; salaries and clerk hire, \$2,786.66. Thus the total disbursements were \$12,721.69, and the balance in hand \$5,224.52. The report further showed that, in addition to the foregoing disbursements, there are bills not yet provided for—stationery, printing, &c., amounting to about \$1,800, and the expenses of this Convention, which, when paid, will leave a balance of only \$1,000 or \$1,500 in the Treasury. The report was signed by GEORGE F. BAKER, Treasurer, and countersigned by the Auditing Committee, EDWARD TYLER and J. W. LOCKWOOD, these two gentlemen having been appointed for that purpose at the meeting of the Executive Council, July 3d, 1877.

On the motion that the report be accepted, Mr. J. S. NORRIS, of Baltimore, asked whether the report had been examined by the Auditing Committee?

The TREASURER—Mr. LOCKWOOD and Mr. TYLER, the Auditing Committee appointed by the Executive Council, have examined this report and the vouchers of payment, and found them correct. It is signed by EDWARD TYLER, and J. W. LOCKWOOD. The report was then accepted.

The CHAIRMAN—The next matter on the calendar is the election of officers for the ensuing year.

Mr. COLEMAN, of Troy.—I move that a committee of five be appointed by the Chair to report a list of officers of the Association for the ensuing year.

This motion being carried, the Chair appointed the following gentlemen to serve on the committee: Mr. THOMAS COLEMAN of Troy, Mr. ROYAL B. CONANT of Boston, Mr. WILLIAM H. RHAWN of Philadelphia, Mr. WILLIAM G. DESHLER of Columbus, and Mr. LOGAN C. MURRAY of Louisville.

Mr. RHAWN of Philadelphia—I would like to enquire whether it is proposed to amend the Constitution increasing the Executive Council from nine to twenty-one? If so we can do it now before the committee reports.

The CHAIRMAN—That amendment to the Constitution will come before the Convention after the election of officers.

On the return of the Committee on Officers Vice-President BENNINGTON of New Jersey took the Chair at the request of President HALL, and Mr. COLEMAN presented the committee's report to the Secretary, who read it, when it was unanimously accepted. [The list of officers which it contained will be found on page 316 of this No. of the BANKER'S MAGAZINE.]

President HALL, resuming the Chair, then said—Gentlemen of the Convention—I desire to tender you my warmest thanks for this renewal of your kindness and courtesy. I know there are many gentlemen before me much more competent and able to perform the duties of this office than I am, but as it has been your pleasure to re-elect me to the office I will accept it and its duties and I pledge you my best efforts to perform them as I best may to your satisfaction. (Applause.)

The Chair understands that the adoption of this report carries with it, "on the supposition that there will be an amendment to the Constitution," the filling of those places by the committee already chosen. The next matter on the calendar I should say was the matter recommended by the committee to amend the Constitution. The proposition which was presented by the committee is to strike out the word "nine" and insert "twenty-one." This proposition after a brief debate was unanimously adopted.

The CHAIRMAN—The next matter in the order of business is the introduction of any resolutions or motions not reported on, or not presented by the committee. Has any gentleman anything to present under that article on the calendar? As there is no business under that head we will pass on to the next matter which is the Question of Resumption. On that question there are gentlemen who are ready to speak. The first name on our published programme is that of ex-Governor WOODFORD. He is not present at this moment, but a gentleman who is here has signified his readiness to address the Convention. I have the pleasure to introduce to you Sir FRANCIS HINCKS, of Canada. (Applause.)

ADDRESS OF SIR FRANCIS HINCKS.

After a brief and very interesting sketch of the rise, progress and present condition of the Canadian banking system with the arrangements for the issue of bank notes and Dominion notes Sir Francis Hincks said:

I fear that I have occupied too much time with these preliminary observations, which I have made in accordance with a suggestion from your Secretary. The immediate subject for present discussion is the resumption of specie payments, and I can assure you that it is one in which your Canadian neighbors feel a very deep interest. I have long observed, with regret, that the advocates of an inconvertible paper currency are both numerous and active, while on the other hand the advocates of resumption seem to be quite disunited. I am not an inattentive observer of what is going on among you, but I confess that I am wholly unable to discover how the opponents of resumption expect to realize the advantages which it is their object to attain. They profess to apprehend that the consequence of resumption would be a contraction of the currency, the effect of which would be to limit the loaning power of the banks. Now I apprehend that the loaning power of the National banks

is limited precisely as it is with us—by the amount of their capital, deposits and circulation. It is the interests of banks to loan as much as they can do with safety. If the National banks were enabled to issue inconvertible notes very much at their discretion, as the old chartered banks were during the suspension of 1837, there would of course be an increase to their loaning power; but under the present system the National banks cannot increase their circulation, and it really is unimportant to them whether they are bound to redeem their liabilities in convertible or inconvertible legal tenders. I believe that the tendency of resumption would be to increase the loaning power of the National banks. I assume that it is found profitable to issue National bank notes on the present basis, otherwise they would not be issued. Now I believe that the tendency of resumption would be to cause a considerable substitution of National bank notes for legal tenders. Under the present system there cannot be a redundant issue of National bank notes, and on the assumption that there is a redundant issue of legal tenders, such issue does not increase the loaning power of the banks, and as no commercial paper is held against it, its increase or diminution would only be felt in an increase or reduction of the premium on gold, which is, and must continue to be notwithstanding any legislation in a contrary direction, the real measure of value. The legal-tender circulation is at present about three hundred and fifty millions. If it were reduced, by any means, to three hundred millions gold would probably be at par. If it were increased by fifty millions there would be a considerable increase in the premium on gold. If a bi-metallic standard were adopted gold would be at a higher premium than it is at present, but it would not cease to be the real standard. Among the advocates for resumption there are some who desire to withdraw the legal tenders entirely from circulation. It seems probable that this proposition is supported in the interest of the National banks. My own conviction is that, under such a system as we have in Canada, the National banks as well as the people at large would materially benefit by the retention of legal-tender circulation. The chief object of maintaining that circulation is to economize the use of gold or silver, if the latter standard should be adopted. If the legal tenders were withdrawn every bank in the United States would have to keep its reserves in coin to meet its liabilities on demand, although in practice the City of New York is the National clearing centre of the United States, as London is for the United Kingdom. The cost to the nation of maintaining these coin reserves would be enormous, but the inconvenience would be felt even more, and this would be intensified if it should be necessary to move silver instead of gold. I believe that if all rivalry between the Government and the National banks could be removed the convenience to the latter of the legal-tender notes would induce them to withdraw all opposition to their issue. That it is possible to avoid rivalry our Canadian experience places beyond a doubt. Were it not for the small note issue, for the surrender of which our banks got an equivalent in the abolition of the bank tax, a Government note would never be seen by the general public in Canada. The notes from $50 to $1,000 are held by the banks as reserves, and constitute a much more convenient instrument than coin for settling balances. I think that in the United States it would be desirable that a mutual understanding should be arrived at between the Treasury and the banks to the effect that the former would issue no notes between either $100, or $50, and a small denomination under $5. The National banks should be satisfied, I think, with the circulation of notes of $5 and upwards. The practical effect would be that the Government note circulation would be limited to the requirements of the banks for reserves, and the notes under $5. I believe that the effect of such a plan as I have indicated would be to increase the National bank circulation and thereby the loaning power of the banks, and to give the nation a bank-note currency superior to that in any country in the world.

I am aware that during the last two years there has been a reduction in the National bank capital, and this would lead to the inference that new capital would not be subscribed even if it were to lead to an extended circu-

lation. I do not think such an inference would be correct. The reduction of capital I attribute to the policy of the Government which is driving capital out of banking by excessive taxation. If National bank notes were obtainable on a deposit of four-per-cent. bonds, I believe that they would be applied for, and take the place of legal tenders to a considerable extent. I have not adverted to the mode of effecting or preparing for resumption, and I labor under the disadvantage of being unaware of the impediments in the way of a gradual substitution of United States interest-bearing bonds for any redundant issues. The price of gold would lead to the inference that the legal-tender issues are not much, if at all, in excess of the public requirements. Monthly sales of United States four-per-cent. bonds for legal tender would soon bring them to par, and, if my opinion should prove correct that after resumption National bank notes would take the place of legal tenders to a considerable extent, the practical effect would be that United States bonds would be deposited for such increased National issues, and would replace the present legal tenders. If it were ascertained, as it soon would be under a convertible system, what amount of legal tenders would be required for public convenience, there would be no difficulty in maintaining an adequate reserve of coin at the office of redemption, which should certainly be in New York and not in Washington. I may here observe, that in times of panic which, it may be feared, will occur from time to time in all countries where extensive credits are given, there would be less danger of large demands for gold in redemption of legal-tender notes in the United States than in England. In the United States, and in Canada likewise, each bank keeps an adequate reserve to meet its liabilities, and would, for its own sake, endeavor to keep that reserve as strong as possible. In England it is admitted by all the best writers on the subject that the banks generally rely on the Bank of England to carry the commercial classes through a panic. That bank is the custodian of the national reserve, and any one who examines the bank's statements a week or two before the Overend, Gurney & Co. failure in 1866 and those a fortnight later, will at once perceive what a load that bank is obliged to carry at a period of financial embarrassment. In America the burden would fall on the banks generally, and would certainly not be so embarrassing. I have, I fear, trespassed too long on your attention, and have to offer my apologies for the defects of this paper, which I have had to prepare quite unexpectedly and without having had any opportunity to consult authorities. I must, therefore, throw myself on your indulgence and have to thank you for the opportunity of being present on such an interesting occasion.

Mr. HAYES, of Detroit, was then called upon and said: I can only offer what seems to me a business view of resumption. And that is: whenever our debts are large our ability to pay must be correspondingly large, and whenever we exceed our ability to pay we have got to continue upon credit. Now we have in National bonds, bonds of railway companies and bonds of municipalities, all told, in round numbers, about $6,000,000,000, the interest of which is payable in coin. When those bonds are issued to the public, and the public become the owners of those bonds, it is beyond the power of any legislation to say who shall own the bonds, because they are individual property. So long as those bonds are held in the United States, so long the specie payment of interest must, as a matter of necessity, remain in the country. Therefore if we have no real demand for specie beyond our power to pay we certainly have the power to pay, and if the total amount to be paid is $360,000,000 altogether, and we could so arrange that we could pay $1,000,000 a day, $1,000,000 would be all that we should require, and a single million of dollars would be sufficient for returning to specie payments, probably to-morrow.

The present time is one that is very favorable to the resumption of specie payments, because the balance of trade is very largely in our favor. The economy of the country is such that they do not favor the importation of very large quantities of expensive goods. Therefore, with the balance of trade in our favor and with the production of our mines, all together we are accumulating a specie basis that will enable us to resume specie payments unless

something should occur by which that arrangement shall be overthrown. Therefore the law for resumption of specie payments in 1879, from present indications, seems to be likely to be carried out. (Applause.) Simply because we shall be in a position, it will be within our power to carry it out, provided that we continue in the same channel that we are now moving in. But that law, under other circumstances, could be nothing more nor less than a legal prophecy that on that day we would be able to return to specie payments. I hold that while we can possibly be able to do that, the fixing of a time to return to specie payments depends entirely upon our power to resume. We cannot legislate that all the rest of the world will be at peace with us, and that we shall have good crops, and that other nations shall be at war among themselves, by which we get large returns for those crops and accumulate the power of returning to specie payments. If the thing were otherwise, and we were to be called upon to resume specie payments when we had disturbances among ourselves, with short crops and the balance of trade against us, you can all see that it would be utterly impossible. Therefore I hold that while we are now in a position to resume, the fixing of a day, as fixed by Congress, should be maintained by all the influence that the banks of the community can bring to bear upon it. (Applause.) But that if we should fail to do that, then it would be a misfortune perhaps that the day was fixed.

An interesting and elaborate address on Resumption was then given by Mr. JOSEPH C. GRUBB. Hon. STEWART L. WOODFORD was then introduced by the Chair and after some introductory remarks spoke as follows on Resumption:

HON. STEWART L. WOODFORD ON RESUMPTION.

The point that I would have you consider is this:

The chief present legal hindrance to resumption of specie payments is the partial legal-tender quality of the National bank bill. This quality is broader than is generally supposed. I. It is legal tender in all payments to the National Government, except for custom duties. II. It is legal tender in all payments from the National Government, except gold interest on the gold debt. III. It is legal tender in all payments to and between the National banks and hence it is practically legal tender in all payments by the National banks. To be sure, legal tenders are required by your clearing houses in this and some other cities, but this is a voluntary agreement. IV. Practically, the only restriction upon the legal-tender quality of the bank note is in payments by National banks to individuals who are not depositors and by individuals to their fellows. But inasmuch as the law compels every bank and the Government to take these bills, of course individuals are very ready to take them. So that this restriction amounted to nothing. Thus, the legal-tender currency of the country is practically augmented by the volume of the National bank currency. This is wrong in law. Why?

The Constitution does not allow even the Government itself, in time of peace, to stamp new and additional issues of paper with the quality of legal tender; to make a forced loan and clothe that loan with the power of money. There are very few of you who believe that the Government can, to-day, increase the volume of the legal tenders beyond the present limit. I might safely say that there are none of you who believe that this could be done in excess of the limit of 400 millions; that being, I think, the outside limit authorized during the war, when all war powers were in force And yet the law to-day permits an issue of bank notes whose outside limit is ninety per cent. of the entire bonded debt of the country, and clothes that issue with enough of legal-tender quality to make it practically just as good as the greenback. The Government cannot to-day print one paper dollar in excess of the possible limit of 400 million and make me take it. Yet it authorizes the banks to issue more than a thousand millions of paper dollars, each one of which it compels me to take in payment of all debts due from the Government, except gold interest on the gold debt. Thus, what the sovereign cannot legally do the subject may. The strange spectacle is presented of a creature more powerful than its creator. A corporation, which is solely the child of the law, can make that paper to be

money in dealings between the Government and myself which the Government could not itself so make.

Have I made my meaning clear as to my understanding of the law? I will say deliberately that I do not believe that the National Bank Law is constitutional, in so far as it confers this power on banks to issue paper and makes that paper legal tender for any purpose, except in payment of it to the bank that issued it. It is wrong in morals, because it accustoms the people to loose ideas of governmental powers; it expands undeserved credit; it fosters speculation; and confirms men in the habit of calling soap bubbles realities. In a word, it strengthens and perpetuates the fallacy that a paper promise is in fact money. It hinders redemption of bank bills in greenbacks, by largely removing reasons therefor. It thus tends to keep bank currency afloat by force of the artificial power of statute law, rather than by the natural forces of business. It sets aside the great, universal and only safe law of supply and demand. It thus stores excessive amounts of currency at the great money centers, which ought to be back in the vaults of the banks that issue, ready for use by the local dealers. It denies just supply to the dealer at home and it tempts alike the bank officer and speculator at New York and Boston and Philadelphia, by providing here a surplus supply of money that regular mercantile business does not need and cannot use.

What we need to have our people taught is this—That money is the measure of value. That under our National Constitution it is only Congress that can provide this measure and that the only money which Congress can provide is that which it can *coin*. That the greenback was printed as the supposed sad necessity of the war. That with returned peace its promise should be kept. That a bank note is only the promise of the bank to pay so many dollars. That such promise is good when kept and bad when broken. That your bank promise is no different in kind from my personal promise. That it is only better than mine because it is secured by the pledge of public stocks. That it is only entitled to such circulation and acceptance as its value and the value of its security give. That always and everywhere no man need take it unless he will; and that when he wishes it redeemed he can always have it redeemed on presentation.

You complain of excessive taxation and possibly your complaint is very just. For one, I think it is unwise to tax banking capital or any honest business so highly as to force capital to seek other investment. But while you make this complaint you hold and use the sovereign power—the highest sovereign power—of issuing paper, which I am compelled to accept from the Government as money, whether I will or no. If all artificial helps towards keeping your bills afloat were taken away, then redemption would be more surely and quickly enforced. The use of the greenback as a redeeming medium would be increased and its value would be proportionally augmented. All temptation to excessive issue of bank currency would be removed. Just so much would be kept afloat as business required—no more, no less. Free banking has already gone far towards solving the currency difficulties. Let it be absolutely free; free from government nurture and the false stimulant of unwise and unjust law; free from excessive taxation, and then trade and labor will work out their own good. Let banking be free, only exacting absolute, undoubted security for all issues, such security as our National system gives to-day, and only compelling prompt and certain redemption of those issues. Then, without Government support on the one side, or Government interference on the other, without the nursing-bottle or the fetter, I am sure that your great interest will do its largest work of practical beneficence to the labor and savings and business of the country. Our people are shrewd and practical. When they surely know that the Government will resume on a given day they will anticipate the inevitable and themselves resume at an earlier day. Of course, they must see that the Government is not only talking resumption, but is steadily getting ready for resumption. This they to-day do see. The accumulation of gold in the Treasury and in your own vaults steadily goes on. The premium on gold slowly but steadily declines. The purchasing value of the greenback slowly but steadily goes up.

We are pledged to resume. The law gives the Secretary the power to resume. You and I are most concerned that he so use that power as to secure resumption. The duty that most presses on you and me and every good citizen is to help in this great work and not hinder. You can make this work the more easy and the end more evidently certain. I do not believe you could prevent it even if you would. But as I recall that great meeting of the banks of Boston, New York and Philadelphia, when in 1861 you pledged three times your capital to aid the struggling Government, I am sure you would not hinder even if you could. Safety for you, profit for you, safety for the people, profit for the people, work for the idle, and bread for the hungry, lie alike in the one path of keeping unbroken the pledge and faith of the nation.

After an eloquent peroration Gov. WOODFORD closed amidst much applause and a vote of thanks was passed unanimously with a request of a copy of his address for publication, after which the Convention adjourned.

At the SECOND SESSION, on Wednesday evening, the chief interest was in Mr. COE's address on Resumption.

ADDRESS OF MR. GEORGE S. COE.

Mr. PRESIDENT—We listened this morning with great pleasure to the interesting essays upon the subject of resumption by our distinguished friends and to-night we meet here as practical men, to confer together upon the same subject, and in doing so, I propose in the most colloquial manner to discuss the question before you.

What is resumption? What do we mean when we say that we desire resumption? It seems to imply that we re-assume and recover something which is lost. And that is true. We desire to recover the measure of value which is recognized by the known world as the true measure of all industry, a measure that is temporarily lost or suspended. Now, what is the signification of that idea—resumption? It is that every object—that every industry that the labor of men produces, is measured by that specific thing which in all ages of the world, by all nations of men in all times, has been used and scantioned as the best thing to use, and. I think it is unnecessary for us to go beyond that statement If there is anything better as a measure of value than that which all mankind in all ages have proved by experience to be the best thing, it will be time enough for us to discover it after we have come up to a level with our fellow men.

What then is resumption? It is that everything measured shall be measured by the truth—that there shall be thirty-six inches in a yard and sixteen ounces to a pound.

Specie payment means that the whole industry of the community in all its varied forms is measured exactly by the coin value of it; that all its exchanges are measured with strict justice in reference to that same value, and that that value refers not only to the thing we call currency in the common parlance, but it refers to all instruments which transfer property, deposits as well as circulating notes. A check is as much currency as a note; for it makes no difference whether in your bank you give a man a right to draw a paper order upon you and thus transfer his property, or whether you give your own piece of paper to him which transfers it. Practically, it is the same thing; it is all alike currency, and therefore the question of the resumption of specie payments must have reference to the whole volume of investments which are doing the same service for the community. It cannot have reference to any specific part of it, but it must all be a unit. And it is, therefore, obvious that it must all be interchangeable to be sound and solvent.

It must be evident that the Government note circulation, which caused suspension, must be as gradually withdrawn as it was gradually created, and that history in respect to them must be entirely reversed. That the notes which *cannot* now be paid must be converted into bonds bearing interest until the debt *can* be paid. To do this I propose the following plan:

MR. COE'S PLAN.

To organise the National banks into a union, which is both practicable and simple, whereby the forces of the whole nation, working through them in every part of the country, can be concentrated upon this great object, and by which every step of progress may be thoroughly applied and firmly maintained. Let them combine in ratio of capital in the purchase of, say fifty or one hundred millions of bonds, with interest at such rates as the people will take for them, for redemption purposes, with the privilege of such further sums as may be found necessary; the bonds to be accounted for *in gold coin at par*, less one-half per cent., as provided by law, for all expenses. The bonds to be then offered for sale to the public by banks all over the country, *at par and accrued interest*, or by the United States Treasury itself *at the same price*, in coupon or registered bonds of such denomination of even decimals as buyers may prefer.

The National banks to credit the Treasurer of the United States for the whole amount of bonds purchased, *as a gold deposit*, subject to his order, in which all banks participate who will furnish collateral security required by law. *They* may also admit other institutions to become interested by special arrangement with them. The collateral security to consist either of United States bonds, gold coin, or legal-tender notes in packages, to the full market value, with the privilege of substituting the one for the other from time to time through one common agency, as may be convenient.

The bonds, gold, or legal-tender notes so pledged as security to be held in the Treasury as a special deposit. This will enable banks to gather coin into their reserves from proceeds of the sales of bonds, and to surrender legal-tender notes hitherto held. The liberty of exchanging collateral security desired will allow them to temporarily recover the currency, should they at any time withdraw it from the public too rapidly.

The purpose intended by this plan is to secure resumption and the restoration of the specie standard in our home as well as foreign trade, through the ordinary financial agencies and methods, both here and in Europe, which long experience has proved most effective, and especially to prevent the derangement of commerce and the consequent defeat of the object in view, which will be inevitable if a large amount of coin is abstracted from business uses and locked up in the United States Treasury, awaiting the day fixed for resumption. It is confidently believed that by placing the coin where its commercial power will continually operate upon the business of the country by being counted as bank reserves, or by being kept in use by loans upon commercial paper payable in gold, the accumulating volume of coin thus gradually substituted for greenbacks will incessantly tend to increase the value of the whole outstanding paper currency. The gold will thus fill the void created by the withdrawal of such legal-tender notes as may be deposited in the Treasury as security above named. The difference between coin and paper currency will gradually disappear until they become equal and interchangeable. Resumption will then be reached.

Meanwhile, the Government will be protected for its deposits by the collateral security given as authorized by law. It will be relieved from the responsibility of resumption thus assumed by the banks, commerce and trade will avoid the disturbance first of the mischievous confinement, and then of the sudden release, of a large volume of coin, and the great end will be more safely and certainly attained through the concentrated energies of the whole people, by natural means, without violence to the business interests of the country or of the world.

When it is considered that Government is alike responsible with the banks to the public for the notes issued under the National Currency Act, and that any commercial demand for coin against bank deposits would be followed by corresponding drafts upon the Treasury reserves, it will be perceived that a *successful* movement towards resumption must of necessity be coöperative, and that any separate action will fail of securing the desired object.

The machinery by which banking institutions located in various parts of the country may be conveniently united for this special object and operated with the Treasury Department as one institution at a central point, without interruption to any local business, can be presented when desired.

I believe that this plan is entirely practicable and may be made most efficient for the great purpose suggested, and that the present time and the circumstances of the country are most favorable for its execution.

SECOND DAY.—*Thursday, Sept.* 13, 1877.

The first business of general interest on the second day was the passage of the resumption resolutions and the completion of the organization of the Asso-

ciation by the election of twelve new members of the Executive Council, so as to increase the number to twenty-one. The election being made, the subjoined list of officers was completed and announced:

OFFICERS FOR THE YEAR 1877-78.

President—Hon. CHARLES B. HALL, Boston National Bank, Boston, Mass.

Executive Council—GEORGE S. COE, President American Exchange National Bank of New York: JAMES BUELL, President Importers and Traders' National Bank of New York; THOS. COLEMAN, President First National Bank of Troy, N. Y.; MORTON McMICHAEL, Jr., Cashier First National Bank of Philadelphia, Pa.; J. S. NORRIS, President First National Bank of Baltimore, Md.; EDWARD TYLER, Cashier Suffolk National Bank of Boston, Mass.; J. W. LOCKWOOD, Cashier National Bank of Virginia, Richmond; J. D. HAYES, Vice-President Merchants and Manufacturers' Bank of Detroit, Mich.; L. J. GAGE, Cashier First National Bank of Chicago, Ill.; WILLIAM G. DESHLER, President National Exchange Bank, Columbus, Ohio; E. B. JUDSON, President First National Bank, Syracuse, N. Y.; Ex-Gov. SAMUEL MERRILL, President Iowa Loan & Trust Co., Des Moines, Iowa; M. KOPPERL, President National Bank of Texas, Galveston, Texas; CHARLES PARSONS, President State Savings Association, St. Louis, Mo.; H. H. CAMP, Cashier First National Bank, Milwaukee, Wisconsin; C. T. CHRISTENSEN, Cashier Nevada Bank, San Francisco, Cal.; O. L. BALDWIN, Cashier Mechanics' National Bank, Newark, N. J.; LOGAN C. MURRAY, Cashier Kentucky National Bank, Louisville, Ky.; JOHN C. NEW, President First National Bank, Indianapolis, Ind.; J. B. McMILLAN, Cashier Mobile Savings Bank, Mobile, Ala.; A. H. MOSS, President First National Bank, Sandusky, Ohio.

Secretary—JAMES BUELL, President Importers and Traders' National Bank, New York.

Treasurer—GEORGE F. BAKER, President First National Bank, New York.

Besides these officers there were elected thirty-eight Vice-Presidents, one for each State in the Union.

The discussion of the silver question was then begun and occupied most of the day, the chief speakers being Hon. W. S. GROESBECK, Mr. GEORGE S. COE, Mr. JUDSON, Mr. S. B. RUGGLES, Mr. H. V. POOR, Mr. SAMUEL HARRIS, Mr. GEORGE A. BAKER, Mr. HAYES, Mr. JOSEPH C. GRUBB, Mr. VERNON, and Professor PERRY.

The resumption resolutions reported by the Executive Council were then passed unanimously as follows:

Resolved:—1. That in the opinion of this Association the early resumption of specie payments is necessary to the restoration of general prosperity and social progress throughout the nation.

2. That the general use of coin—the measure of value as formerly—will alone secure those certain rewards to labor and impart that steadiness to the value and price of all property which are required to stimulate enterprise and give proper encouragement to every useful industry. That the time has fully come when an enforced currency—an expedient of war—should be gradually removed, while all the conditions in the country are most favorable to that end.

3. That it is essential to the highest welfare of the American people that their trade and commerce at home and abroad should all be conducted upon the standard of value which the most advanced commercial nations in the world have adopted.

4. That the general resumption of coin payments "throughout the United States" can be best secured and maintained by the co-operation of the Government and the people through the agency of the banks, which is earnestly recommended.

5. By such co-operation the resources of the country will be most effectually reached, whether in larger or smaller sums, and absorbed into the bonds of the Government; and the present bountiful harvest and the many and increasing mechanical and manufacturing productions of the nation will thus all contribute to resumption.

6. That this great end can be secured with the co-operation of the people, by means already provided by law.

These resolutions were unanimously adopted.

The subjoined address on the exorbitant fees for the collection of debts, was then presented from J. H. VAN ANTWERP, Cashier of the New York State National Bank at Albany:

ADDRESS OF MR. J. H. VAN ANTWERP.

Mr. PRESIDENT AND GENTLEMEN—It was my intention to present to the Bankers' Convention some remarks on the propriety of trying, by concert of action, to secure uniform collection laws, both National and State, to super-

sede the chaos now existing in them, and thus modify the evils bank and other creditors are exposed to in trying to collect their just dues from debtors under the present system. Next to the tax question I think this is the most important one on which bankers should bring the influences of their combined action to bear. Not only the banking community but the public generally are interested in discussing the bearings of the recent decision of Judge HAMILTON W. ROBINSON, of New York, refusing to confirm the report of a referee in an assigned estate, because of what he considered exorbitant fees allowed to the law firms, lawyers, and others interested in settling it up. The judge hints that such charges—one, for instance, where an attorney was allowed $400 for costs on an undisputed claim of $150 against the parties who made the assignment, together with extravagant allowances to counsel and assignee—practically countenance the confiscation of debtors' estates, which are eaten up by "costs" and "legal expenses," leaving almost nothing for the creditors, no matter how large the assets or how reasonable the expectations of the creditors for a fair dividend. Let the facts of this and other similar cases be what they may there can be no doubt that our system of debt collecting is radically at fault. A large concern fails and at once the opposing legal machinery of the United States Bankruptcy Court and the State courts are put in motion. Between the two the claims of the creditors are ground to powder. Nothing of consequence is left for them out of estates which ought to pay fifty cents on the dollar. Slow and begrudged payments of five or ten cents are the usual results; even these are seldom obtainable for years after the failure. Costs, legal and other expenses have eaten up the cash assets as the case progressed, and the rubbish is left for the wearied and waiting creditors, whose own bankruptcy often date from such claims. Several years ago the firm of White & Co., lumbermen, failed in the city of Albany. Their creditors have not yet received a dollar of dividend. In 1873 occurred the failure of Duncan, Sherman & Co., of New York. There the expectation of anything but the recovery of a few cents on the dollar was unwarranted from their great liabilities and comparatively petty assets, showing their insolvency for years before their final collapse; and yet the feeblest expectation of any payment on account of their indebtedness is held at bay. No one has received even "a penny in the pound." These are not exceptional cases. Indeed so frequent are they, that when a failure occurs mercantile, bank and other creditors usually resign themselves to "the outside loss." There is seldom a minimum of loss sustained; however abundant and good may be the assets compared with the liabilities—it is sure to be the maximum. Political economists may not acknowledge the fact, but it is becoming apparent that the present difficulties in the prompt collection of debts have much to do with the "want of confidence" deplored as part of the protracted period of "hard times" and business depression which the country is enduring. No capitalist desires to trust his fellow men far in regular business enterprises, and consequently transactions are almost confined to the narrow limits of cash, while new ones, involving credits, are often pushed aside, no matter how meritorious. The United States bankruptcy law must be simplified and amended and its costly fees reduced, while our State system of debt collecting should be taken out of its dark labyrinth and made to harmonize with the claims of equity and business honor.

The subject of Bank Taxation was announced as the next in order, and it was arranged that at the next session the paper on this subject by Mr. C. P. WILLIAMS should be first read. After a lively and animated discussion in which Mr. VERNON, Mr. WILLIAMS, Mr. BUTLER, Mr. PRUYN, Mr. LUDLOW and other delegates took part, the Convention adjourned the last of the Second Day's sessions.

THIRD DAY.—*Friday, Sept.* 14, 1877.

The Convention began its fifth session at 11 A. M.—Hon. CHAS. B. HALL, the President, in the chair. He announced that as so many of the delegates wished to return home the Council had determined to have only one session,

so that the Convention would close its labors at the end of the present fifth session.

The addresses of Mr. WILLIAMS and Mr. THURMAN on Taxation were then read. Afterwards the Secretary, Mr. BUELL, read a paper on Municipal Bonds; and a paper by the Assistant Secretary, Dr. MARSLAND, was presented on Savings Banks. Several other papers were also presented which were referred to the Executive Council.

The Executive Council, being called upon for its report of resolutions, made the following report through the Secretary:

1. The Executive Council, having considered the resolution offered by Hon. M. KOPPERL, of Texas, requesting the President to select a special committee to consider the plan of resumption offered by Mr. COE, deem it inexpedient to appoint a special committee for that purpose, inasmuch as the Executive Council of this Association has been so enlarged as to include members from various sections of the country, and it is considered most expedient to refer this subject to them. This report was adopted.

2. *Resolved,* That, as most of the war measures forced upon the Government to create revenue have been modified or repealed, we respectfully ask that Congress modify the banking law in so far as it relates to the taxation of National banks and of their customers through the two-cent check stamp.

This resolution was referred back to the Executive Council.

3. *Resolved,* That in the opinion of this Convention it would be advisable and in the interest of the people at large for the Federal Government to exercise surveillance over Savings Banks, Loan and Trust Companies, and Life, Fire and Marine Insurance Associations.

This resolution was referred back to the Council for action at the next annual meeting.

4. *Whereas,* In view of the present magnitude of the Savings bank system in America, and the especial relations of these institutions to our industrial classes, therefore be it

Resolved, That a committee on Savings banks be appointed to consider the following subjects and take such action thereon as they may deem necessary: 1. Taxation of savings deposits; 2. General Savings bank laws for each State; and 3, Ways and means to further promote the perfect security of depositors iu Savings banks.

These important resolutions having been considered with grave attention the Executive Council reported that, in their opinion, the interests of the Savings banks and all other banks are identical; so that the Association possessed already the complete machinery needful, and that they would not make it more complete if the proposed Committee were appointed. The report of the Council on this subject was unanimously accepted. The next resolution on the report was as to taxation:

5. *Resolved,* As the sense of this Convention, that the business of the country demands that the banking interests of the United States be relieved from all taxation by the general Government, except an annual tax on their circulation, to cover the expenses of the Currency Bureau; and that taxation of bank shares by the States be levied in the same manner only, and to the same extent, and subject to the same privileges and immunities, as other personal property.

Mr. RHAWN—I now wish to offer the following resolutions on bank taxation:

6. *Resolved,* That the Executive Council shall make every effort to obtain such repeal or amendment of existing law as will relieve the entire banking interests of the United States from all tax upon capital and deposits.

7. *Resolved,* That the Executive Council shall make every effort to obtain such amendment of existing law as will limit the tax upon shares of National banking associations by or under State authority to an amount not exceeding one per centum per annum.

Mr. RHAWN—I have offered these resolutions as touching the points covered by the paper of Mr. LEWIS. There is nothing stated by Mr. LEWIS about the tax on circulation. It would not be wise, as I understand, to undertake to obtain in this way a relief from taxes on circulation at the present time. That was the view that was taken in Philadelphia. I would also submit the following:

Whereas, Congress has passed laws providing for the circulation of a "Uniform National Currency" throughout the United States, through the medium of National Banking Associations, it should also provide for the circulation of this currency upon equal terms and conditions in all of the several States, and to this end should exempt said associations and the shares thereof from all taxation by or under State authority, in consequence of which the capitals of banks are now being reduced, their existence threatened, the circulation of the National currency curtailed and the laws of Congress nullified:

And whereas, The war taxes imposed upon said associations by Congress are unequal and burdensome, and such as are imposed by no other country upon the business of banking, and have been continued long after the exigency requiring them has passed away, and are now productive of great injury to the commercial and industrial interests of the country.

And whereas, A relief from all aggressive State and burdensome National taxation would

better enable banks to use, as a basis for circulation, bonds bearing a lower rate of interest than at present; therefore,

8. *Resolved*, That the Executive Council shall make every effort to secure the passage of a law that will exempt any National banking association and the shares thereof from all taxation whatsoever, upon depositing to the extent of its capital, as security for circulation, bonds of the United States bearing interest at a rate not exceeding four per centum per annum.

The resolution was adopted. The Council then submitted the following, which was also adopted:

9. *Resolved*, That, in the opinion of this Convention, silver money as a subsidiary currency is desired by the people, and that its free, but not enforced, use will greatly aid in restoring the value of our paper money.

10. *Resolved*, That the Vice-Presidents of this Association be requested to convene bank officers in their respective States for consultation and for such action as may best secure a mitigation of the excessive taxation now imposed upon the banking business.

The Secretary then announced that as the Executive Council had received a number of papers from various delegates, some of whom had been compelled to return home, the council wished to receive the instructions of the convention as to these papers, a partial list of which he proceeded to read.

Mr. HAYES:—I propose that these papers be referred to the Executive Council with full powers to print such portions of them as they may think proper. Adopted.

A resolution was then offered requesting the Executive Council to print, for the use of the Association, an official report of the proceedings of the Convention, and to send it to all the banks and bankers of the United States.

After a unanimous vote of thanks to the President and Secretary, which was briefly acknowledged, the Chairman declared the Convention adjourned *sine die*.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. CLEARING-HOUSE BALANCES.

Will you please state what the object is in the Clearing Houses in our large cities making their balances payable in greenbacks, excluding National bank notes? Is it legal?

The law states that every National bank *shall* receive the bills of every other National bank in payment of debts, and by what right do the managers of the Clearing Houses attempt to nullify the law of the land?

But aside from this point where is the use or benefit?

I can see none excepting to the express companies, who daily carry millions of National banks bills to Washington for redemption, which might just as well be used in settlements, but instead are transported to and fro, the means for their redemption drawn from the very banks which send them to Washington.

I should like to hear what objections can be made to using bank notes and thus saving thousands of dollars needless expense.

REPLY.—Each Clearing-House Association has the right to make such rules and regulations as it may deem best for the transaction of business between its own members. The settlement of balances is according to such established rules. If it be decided by any Association that balances must be paid in gold coin, its members are obliged to obey the rule they themselves have established. Legal tenders are adopted by some as the medium for settlements, while in other places National Bank Notes are accepted. The question is one of expediency, which each Association adjusts for itself. But it can readily be seen

that there are strong reasons why greenbacks should be regarded as the proper currency for payment of balances. If, for example, a National bank, through enlarged deposits, become a creditor at the Clearing House, and should receive for its balance any currency other than that which forms its lawful reserve, the larger such credit the weaker that bank would then become in its proportionate legal reserve.

It is also to be remembered that, outside of New England at least, the membership of the Clearing Houses is not restricted to the National banks. State banks, and in many places, private bankers, are comprised as well. These have the right to demand legal tenders in payment, and it would be manifestly unfair to allow to one member any advantage not afforded to another.

II. The Dating of National Bank Notes.

Is there any special rule which governs the dating of the National Bank Notes?

Reply.—The Comptroller of the Currency, with his usual courtesy, informs us that the rule of that office relative to the date of National Bank Notes is, to have them bear date at about the time they are ready for issue. Thus, when a National bank is organized, the Comptroller orders the requisite plates to be prepared, and usually specifies the date to be at about one month after the time at which the order is given; nearly that length of time being required to prepare the plate and get the currency ready for issue.

III. Paper Payable "In Exchange."

The growing practice of making notes and acceptances payable *in exchange*—not in money—brings the inquiry whether a note given to be paid in exchange is negotiable paper any more than if payable in corn or wheat?

Again, in receiving exchange in payment of a collection so payable, who bears the responsibility of the draft received—the agent or bank who takes it for collection, or the party who owns the paper?

These are important questions which should be settled, and your reply will be of service to the fraternity.

Reply.—It is indispensably necessary, in order to constitute a Bill of Exchange or negotiable promissory note, that the direction or promise be to pay *in money*. If the paper be payable in anything which is not money, it becomes a special contract, and loses its character as commercial paper. Furthermore the *amount* to be paid must be certain, or its negotiability is destroyed. Judge Daniels, in his work on the Law of Negotiable Instruments (§ 56), states the point thus:

"Strictly pursuing this principle, it has been held in England that a note payable in cash, or Bank of England notes, was not negotiable under the Statute of Anne, though the bills of that bank were at any time redeemable in money. In Pennsylvania, this ruling was followed upon an instrument payable in '*current bank bills or notes*,' the Court remarking that 'it was payable in more than forty different kinds of paper of different value.' The Supreme Court of the United States has applied it where the note was payable in the '*office notes of a bank*.' When the medium of payment is expressed to be '*good current money*,' or '*current money*,' it is not objectionable, as legal-tender money is intended; but if it be '*in currency*' simply, the paper is not negotiable, as the term includes all varieties of the circulating medium. But the decisions . . . are contradictory."

If there were no other objection to such paper, the single one is sufficient that the collecting banker incurs any risk that may be involved in accepting as payment whatever "exchange" may be tendered; or else he is subjected to the annoyance of unpleasant dispute with the bank or banker whose check he may object to receive. The profit on collections now-a-days does not justify any such risk or trouble.

LEGAL MISCELLANY.

LIABILITY OF BANKS FOR SPECIAL DEPOSITS.—The case of *First National Bank of Carlisle* vs. *Graham*, 4 W. N. Cas., 205, decided on the 26th of June last, was an action against a National bank for the loss of bonds deposited with it for safe keeping. At the time the bonds were left the plaintiff below took a receipt signed by the Cashier of the bank, and reading as follows: "Miss Fannie L. Graham has left in this bank for safe keeping four thousand dollars ($4,000) in U. S. 5-20 bonds of 1867, to be returned on return of this receipt." The bonds were placed in the bank safe and were subsequently stolen therefrom with other valuables. It was shown that some of the Directors of the bank knew that the Cashier was in the habit of receiving bonds for safe keeping, and that after the loss the President and Cashier told Miss Graham that she should lose nothing, that the loss would fall on the bank and that she should come and get her interest as usual. This interest was credited to her on the books of the bank and paid to her for about two years after the loss. It was argued, on the part of the defendant below, that the bank was not authorized under the law to take deposits for safe keeping, and was not, therefore, liable for their loss. The Court however, said, that, "looking at the almost universal practice of banks of all kinds to accept special deposits of valuable securities from their customers, and the evidence in this case that such was the habit of this bank, with the privity and knowledge of the directors and officers, we are of opinion that a liability for safe keeping is raised by the receipt given to the plaintiff in this case for her bonds. If the bonds be lost or stolen through the gross negligence of the bank, this liability becomes fixed." The doctrine here advanced seems to be in conflict with the reasoning in *First National Bank* vs. *Ocean National Bank*, 60 N. Y., 283, 292; see, also, as not agreeing with the principal case, *Giblen* vs. *McMullen*, L. R., 2 P. C. Cas. 327; *Foster* vs. *Essex Bank*, 17 Mass., 479; *Scott* vs. *National Bank of Chester*, 72 Penn. St., 471; *Lloyd* vs. *West Branch Bank*, 15 id., 172; *Badger* vs. *Bank of Cumberland*, 26 Me., 428; *Merchants' Bank* vs. *State Bank*, 10 Wall., 604; *Bank of Genesee* vs. *Patchin Bank*, 13 N. Y., 309. And Judge Story also limits the authority of bank officers to bind the corporation to acts and contracts within the ordinary sphere of their duties and the scope of the ordinary business. *Minor* vs. *Mechanics' Bank of Alexandria*, 1 Peters, 46, 70; *Fleckner* vs. *Bank of United States*, 8 Wheat., 328; see, also, *Fulton Bank* vs. *N. Y. & S. Canal Co.*, 4 Paige, 127; *Leach* vs. *Hale*, 31 Iowa, 69; 7 Am. Rep., 112.—*Albany Law Journal.*

UNAUTHORIZED STIPULATIONS IN RAILROAD BONDS.—In the foreclosure suit of *Henry W. Howell, et al.* vs. *The Western Railroad of North Carolina, et al.*, the United States Supreme Court last term decided that the mortgage could be enforced so far as necessary to satisfy the interest in default on plaintiff's bonds, but not to satisfy the principal, inasmuch as, though the face of each bond and the mortgage deed stipulated that six months' default of interest should make the whole principal due, the act authorizing the mortgage and printed on the back of each bond contained the words "not to mature at an earlier period than thirty years," &c. The holder had full notice of this, and the Court think it differs widely from a mere direction as to the length of the time the bonds should run or the period when they should be made payable, which would not be inconsistent with the stipulation on the face of the bond.

GOLD AND THE EXCHANGES IN LONDON.

Mr. Ernest Seyd furnishes the London *Economist* with the following statement of the exchange points at which gold goes into or comes out from the Bank of England. Mr. Seyd does a valuable public service in putting these figures into so intelligible a form:

The current and prospective condition of our money market, *i. e.* the rate of discount, as far as this is dependent upon the stock of gold bullion in the issue department of the Bank of England, may be estimated to some extent by reference to the four principal gold exchanges, viz., those of France, Germany, the United States and Australia. The French exchange involves the Belgian, Swiss, Italian, Spanish, and other South of Europe exchanges, including even Egypt; the German exchange leads that of Austria, Russia and the North of Europe. The business of arbitrage in foreign exchanges, by means of the rapid intercommunications, is so efficiently conducted by Continental bankers, that any differences in rates are absorbed in the way to us, and the effects concentrate notably in Paris and in Berlin and Frankfort. The French and German exchanges therefore represent, as far as we are concerned, the European gold market. The United States take the lead in America. Although some South American States occasionally receive coin from here, yet on the whole the current is in our favor. The Californian supplies of gold, less such portions as the American Treasury and the banks may succeed in retaining, reach us through New York, mostly in the shape of gold coin. Australia is always a source of supply to us, and will continue to be so, until the gold mines are exhausted. (The Indian and Chinese exchanges and others are in the silver valuation, and affect our gold market only in an indirect manner.) The following are the respective pars of exchange with us:

France	£1 = 25.22½ francs	(25.2215497)
Germany	£1 = 20.43 milles	(20.4294543)
United States	£1 = $4.867	(4.8665635)
Australia	£100 = £100	

When the short exchanges deviate from these pars, they indicate the indebtedness of one country to another. When the £1 becomes cheaper in foreign money we are indebted; when it becomes dearer we have to claim. The first deviations are corrected, or kept in abeyance, by the remittance of bills on other countries; when the deviations increase, market gold is bought and remitted, until finally gold is taken from the stores of the banks. The standard would be:

FRENCH EXCHANGE....*Francs*	25.32½	Gold point of 4 per mille—for us.
	25.22½	Par of exchange.
	25.12½	Gold point of 4 per mille—against us.
GERMAN EXCHANGE...*Marks*	20.52	Gold point of 5 per mille—for us.
	20.43	Par of exchange.
	20.32	Gold point of 5 per mille—against us.
NEW YORK EXCHANGE.....$	4.89	Gold point of 5 per mille—for us.
	4.867	Par of exchange.
	4.82¾	Gold point of 8 per mille—against us.
AUSTRALIAN EXCHANGE. £	102	Always for us.

The present exchanges are:

French exchange short......	25.18½ francs	or 2½ per mille—against us.
German exchange short....	20.46½ milles	or 1¼ per mille—for us.
New York exchange sixty days' $4.83½ at 3 per cent. for short.....	$4.86	or 1½ per mille—against us.
Australian Exchange..........	£102—for us.	

BANKING AND FINANCIAL ITEMS.

Mr. JOHN EARL WILLIAMS, President of the Metropolitan Bank, died at Irvington N. Y., on September 20th, in the seventy-fourth year of his age. Mr. Williams was born at Newport, R. I., in April, 1804. His remarkable aptitude for the business is attested by the fact that he became cashier of the Newport Bank before he was twenty-one years old. His next position was with the New Bedford Bank, and in 1844 he was appointed Cashier of the City Bank of Boston, where he remained seven years. Upon the establishment, in 1851, of the Metropolitan Bank of New York, Mr. Williams was offered and accepted its cashiership. In 1857 he was elected president, which office he still occupied at the time of his death. His executive ability and his position of trust naturally gave him great influence over the course which the New York banks took as a body whenever general measures were considered necessary. Mr. Williams retained in advanced years the genial manners and disposition of youth, and his cheerfulness and kindness will be long remembered by his many friends.

Mr. George I. Seney, for many years cashier of the Metropolitan National Bank, has been elected to its presidency in the place of Mr. Williams, and Mr. George J. McGourkey, formerly Paying Teller, has been appointed Cashier.

NEW YORK.—At a meeting of the Directors of the First National Bank, held August 27th, Mr. George F. Baker, who has been for twelve years Cashier, was elected President, Mr. H. C. Fahnestock Vice-President, and Mr. E. Scofield, heretofore Assistant Cashier, was elected Cashier—all taking effect September 1st.

Messrs. Samuel C. Thompson, late President, and John Thompson, late Vice-President of the First National Bank, have organized the Chase National Bank, which began business on September 20th. The Cashier of the new bank is Mr. Isaac W. White, late of Poughkeepsie, N. Y.

THE CHATHAM BANK Directors have elected Mr. George M. Hard, hitherto Cashier, to be President in place of the late Joseph M. Cooper. Frederick Wiebusch was elected Vice-President, and Mr. H. P. Doremus, hitherto Receiving Teller, was elected Cashier.

BANK EXAMINER.—Major J. Eustis Orvis of this city has been appointed Bank Examiner by Superintendent Lamb, and entered upon his duties in September.

NEW YORK CITY.—The Clairmont Savings Bank, New York, has been closed by direction of the Examiner, who discovered in its affairs a deficiency of $64,014. The Clairmont Savings Bank was established in 1871; it received saving deposits in all amounts from one dime to $5,000, paying interest at the rate of six per cent., and at the present time its list of depositors numbers between 1,000 and 1,100. Sherman Broadwell, was President, and David E. Swan, Secretary. An examination shows an utter laxity of management. Almost from its beginning the bank has done a general banking as well as its own proper business.

WHIMSICAL WILL.—The Newcastle (Eng.) *Chronicle* relates that some years ago an English gentleman bequeathed to his two eldest daughters their weight in one-pound bank notes. The eldest daughter got £51,200, and the younger £57,344. The avoirdupois of the damsels is not given.

CLOSING OF ANOTHER BANK.—The Directors of the Harlem Bank—a State institution at 2,291 Third avenue—having decided to wind up its affairs the bank ceased on September 4th to receive deposits. The reason assigned is that the bank has made very little money during the past two years, owing to the dull times. The depositors will be paid in full, but the capital of $100,000 has been impaired

The Harlem Bank was organized in 1870, with a capital stock of $100,000. For three years its business was successfully carried on. During the panic of 1873 it suffered losses, like other institutions. Since then its business has not improved, and last year the stockholders and directors contributed money to meet the deficiencies in the assets, for the purpose of protecting the depositors. The liabilities of the bank were $214,000 last June, but at the time of closing only about $150,000 was due to depositors. As there is no deficiency in the assets of the bank, no demand has been made for the appointment of a receiver. It has been stated that an effort is being made to convert the institution into a National bank.

SAN FRANCISCO SILVER EXPORTS TO ASIA.—We are indebted to the Bureau of Statistics for the figures of the exports of silver from San Francisco to Asia during the first seven months in 1877. They amount to $12,193,537, compared with $4,919,062 for the corresponding seven months of 1876.

The exports for seven months in 1877 include $1,783,372 of foreign silver coin and bullion (principally Mexican dollars), against $1,033,615 for seven months in 1876.

It is within the past year that silver has been shipped from San Francisco direct to Asia on London orders and account. London has always been the principal *entrepôt* of silver, but is losing its pre-eminence, and must finally yield it to the great city of the Pacific coast.

GOLDEN SANDS OF CALIFORNIA.—The auriferous black sands of the seashore of Northern California have been described, and lately we described a machine that was about going up on the beach to test the practicability of profitably extracting the exceedingly fine gold-dust from the sand. Every effort heretofore has been a failure. There is gold enough in those miles of ocean sand to pay the National debt if this new process proves successful; therefore the report of this first practical test is of high national importance. The fine concentrators, after a month's run, gathered twenty tons of the sands, well cleansed of the lighter parts, which do not pay; so much that the concentrated tonnage realized $12,000, or $600 per ton. The cost of working was $1,300. Now machines are constructing which at the same rate will yield $50,000 a month, at a cost of $4,000. Many attempts have for years past been made along one hundred miles of coast to work these shifting tidal sands without success. Now a rush of preëmptors is expected to stake off claims on the shores of California and Oregon. The sands extend under the ocean far beyond low water. But every tide and every storm so shifts the paying points that a claim rich to-day may to-morrow be covered with barren sands. Nevertheless, auriferous ocean sands may now be considered a new and permanent source of gold production, rivaling and probably excelling the great auriferous gravel deposits worked by hydraulic washing. In both it is a question of cost in separating and gathering a small per-centum of gold dust from an immense body of sand and gravel.—*California Letter to the Baltimore Sun.*

A HINT TO BANK OFFICERS.—The *Commercial Herald*, of San Francisco, speaks thus, in regard to the Merchants' Exchange Bank, which is winding up its affairs. "The difficulty with this institution was not caused by competition, for there was room enough in a State of such magnitude, rapidly increasing population, and fast improving business as California, but it seems to have been conducted in a very unpopular and exacting manner, quite at variance with the ideas and habits of active business men."

ILLINOIS.—On August 29th the State Savings Institution of Chicago closed its doors and stopped payment. For some weeks there had been a run and a steady drain upon this bank, and its credit had become impaired. The

trustees made an assignment to Colonel Abner Taylor, but subsequently, on application of the depositors, the bank was placed in the hands of a receiver, Judge Lucius B. Otis, who has taken charge of its affairs. The failure is a very bad one. The liabilities are about $3,000,000, and it is thought that the assets will not pay over forty cents on the dollar. The President, D. D. Spencer, left the city a few days prior to the failure, ostensibly to obtain aid in New York for the bank. He has not been heard from since. The Grand Jury of Chicago have found an indictment against Spencer, as well as Bulkley, Vice-President, and Guild, Cashier, charging them with the embezzlement of $700,000. None of these officers are at this time to be found.

The effect of this failure has been to increase the existing uneasiness among Savings bank depositors, and to cause a still larger withdrawal of deposits. On September 19th, the Merchants, Farmers and Mechanics' Savings Bank suspended payment, and a petition for the appointment of a receiver was made to the United States Court in behalf of the depositors. The receiver appointed reports that he finds as assets so far only $62 in cash and some $20,000 worth of encumbered real estate. Sidney Myers, president of the bank, was indicted on September 26th for the embezzlement of $200,000 and committed in default of $200,000 bail.

On September 24th the Fidelity Savings Bank closed its doors. A notice posted on the doors stated that an injunction having been served, a receiver would be applied for before the Superior Court and the bank closed to await the action of said court.

The petition in the application for a receiver alleges that the officers have been sacrificing valuable securities in order to realize cash upon them, and that the bank is already insolvent. Dr. V. A. Turpin has been appointed receiver of the Fidelity Savings Bank; the bond required being $600,000.

STIPULATIONS IN PROMISSORY NOTE.—Supreme Court of Kansas—July Term, 1877.—*Seaton, Plaintiff in Error*, vs. *Scoville et al.*—A note otherwise negotiable is not rendered non-negotiable by the addition of a stipulation to pay costs of collecting, including reasonable attorney's fees, if suit be instituted thereon.

A note payable in Topeka was, on August 5th, legally protested there and notice thereof forwarded by mail by the banker who held the note for collection to the owners at Fort Scott. Notice when received was sent by them by mail to the indorser at Atchison. It took a letter two days to go *by mail* from Topeka to Fort Scott, and two days to go in like manner from Fort Scott to Atchison. The indorser received the notice on August 10th. The 9th was Sunday. *Held*, that a finding that legal notice had been given must be sustained although it appeared that there was a daily mail between Topeka and Atchison, and that all parties except the notary knew where the indorser resided, and although it was not shown at what exact hour the notice was deposited in the Post Office at Topeka or at Fort Scott, or received by the owners or indorser, or what hours the mail left Topeka or Fort Scott, or reached Fort Scott or Atchison.

Note.—The foregoing decision upon the question of the negotiability of notes of the character mentioned is in direct conflict with the case of *Woods* vs. *North*, recently decided by the Supreme Court of Pennsylvania.—*Albany Law Journal.*

MASSACHUSETTS.—Hon. SAMUEL H. WALLEY of Boston died at the Rockland House, Nantasket, on August 27th. Mr. Walley was born in Boston in 1805, his father having been a prominent merchant. He studied law and was admitted to the bar, but in 1833 organized and was chosen Treasurer of what is now the Suffolk Savings Bank, which position he held until 1853. He was several times a member of the Massachusetts House of Representatives, of which he was Speaker in 1844–6. In 1853 his constituents in Roxbury elected him to Congress, where he served two years. After returning home, Mr. Walley founded the present National Revere Bank, and remained as its President until his death.

HON. THOMAS J. CLARK, of Salisbury, Mass., died at his residence in that town, on August 12th, aged seventy-two years. Few men were better known and more highly respected in that vicinity than Mr. Clark. For fifty years he had been prominent in Legislative, town, and financial affairs. At the time of his death he was President of the Powow River National Bank, which position he has filled many years, and was also, for a long time, Treasurer of the Provident Institution for Savings, resigning it a year since.

COUNTRY COLLECTIONS.—The Boston Associated banks have recently had under discussion the subject of Country Collections, and the risk and trouble involved in receiving checks upon places throughout New England without adequate remuneration therefor. A committee was appointed to examine into the matter and has made a lengthy report. It recommends, that a National bank be organized, with a capital of $200,000, to be subscribed by the associated banks, for the purpose of transacting all of such business as can be more favorably done through an agency than by individual members of the association. The report is signed by Messrs. Geo. Ripley, John Cummings, Edward Sands and Geo. R. Chapman. Mr. C. L. Tead of the National Exchange Bank, dissents, thinking it unwise to take the attitude of desiring to repel any of the legitimate business of New England.

ANOTHER MYSTERIOUS ROBBERY.—Three trunks containing $10,000 worth of securities, deposited in the safe of the Cambridgeport National Bank, have mysteriously disappeared since September 15th, and there is not the slightest clew to the thieves. One of the trunks belonged to S. B. Snow, the cashier of the bank.

BANKS MAY NOT DEAL IN COMMERCIAL PAPER.—The Supreme Court of Minnesota, in the case of the *First National Bank of Rochester, Appellant* vs. *Frederick M. Pierson, Respondent,* declares that National banks have no power to deal and speculate in promissory notes, for purposes of private gain and profit alone, or to acquire any title thereto by purchase, other than in the ordinary way of discount. This coincides with the decision of the same Court in the case of *Farmers and Mechanics' Bank* vs. *Baldwin,* which was published in full in the BANKER'S MAGAZINE of February last.

MISSOURI.—The receiver of the suspended National Bank of the State of Missouri, at St. Louis, has declared his intention of instituting suits against some five hundred persons who sold their stock to the bank prior to its suspension. The law does not permit a National Bank to own any of its own stock, and it is claimed that the stockholders disposed of their stock after it became known to them that the bank was in a condition of insolvency.

St. Louis.—The stockholders of the Market Street Bank decided by vote, on September 19th, that the bank should go into liquidation rather than pay up the capital required by the new banking law of Missouri. The bank is therefore closed for new business, and the depositors have been notified to hand in their pass-books and withdraw their balances.

NEW HAMPSHIRE.—On September 21st, the trustees of the Carroll County Five Cents Savings Bank at Wolfborough, N. H., decided to suspend payment to depositors. The amount of deposits is about $450,000. Among the securities is $150,000 in National bank shares, and of the balance of securities, a large portion are on real estate in New Hampshire. At the last examination by the trustees, in August, it was considered that the bank was amply able to pay all demands.

BANK ROBBERY.—A package containing Government and railroad bonds, certificates of stock, mortgages and promissory notes estimated at $200,000, was stolen from the First National Bank at Cortland, N. Y., on Saturday, September 22d. The loss was not discovered until Monday morning. The securities were in a large pocket-book, which was kept in the safe of the bank. The bank is supposed to suffer no loss, as the securities belong to individuals.

Closing of the Long Island Savings Bank.—On September 14th, a depositor made application to the Supreme Court of New York, for the appointment of a receiver of the Long Island Savings Bank of Brooklyn, and for an injunction to restrain the officers of the bank from paying out any moneys except by order of the Court or through its receiver. It was represented that the bank had practically suspended business since August 15th; that a large number of the depositors had given the notice required by the rule, of the withdrawal of their deposits, and that after the sixty days some of the creditors would be paid in full and others would not be paid, thus doing manifest injustice to the plaintiff and others who had not given notice. Mortimer S. Ogden was appointed receiver.

The State Attorney-General has also taken action to close the bank. According to the last report of the bank to the State Department it has $901,977.71 on deposit, and its assets are worth $931,425.66, but in this estimate the bank building is valued at $230,000.

The trustees of the bank have proposed, if all legal proceedings against the bank be abandoned, to pay to all depositors anxious to close their accounts, eighty per centum of their deposits at once, and to other depositors the full amount of their deposits in four payments of twenty-five per centum each at intervals of six months.

Mr. John Halsey, a wealthy merchant and an old inhabitant of Brooklyn, died suddenly on September 23d. Mr. Halsey was President of the Brooklyn Safe Deposit Company, a Director in the Mechanics' Bank and a Vice-President of the Dime Savings Bank.

Usury in North Carolina.—A recent decision by the Supreme Court in the case of *Commissioners of Craven* vs. *A. and N. C. R. R. Co.* is to the following effect:

In the absence of special legislation corporations are affected by the usury law to the same extent as natural persons.

Where bonds were issued by defendant corporation to certain of its creditors at a discount in settlement of its previous indebtedness, which bonds bore interest at the rate of eight per cent.; Held, that under the Act of 1866, ch. 24, the transaction was usurious.

The statute of the State of New York forbidding corporations to plead usury as a defense cannot govern a corporation of this State sued in this State, although the bonds in question were delivered in New York and made payable there.

Where such bonds express a rate of interest illegal in this State and also in New York, and were issued in payment of a precedent debt and secured by a mortgage on the corporation property, they could legally bear no greater rate of interest than that allowed in this State.

Neither a natural person nor a corporation can legally sell its bonds bearing the highest legal rate of interest at a discount for the purpose of borrowing money. Such a sale is in effect a loan and is usurious.

Ohio.—The legislature of Ohio at its last session passed an act "To authorize Free Banking," which is to be submitted to a vote of the people at the coming election, and cannot, under the Constitution, take effect unless approved by a majority of the voters. Among its most important features is the following section:

"No banking company hereby authorized shall at any time issue or have in circulation any note, draft, bill of exchange, acceptance, certificate of deposit, or any other evidence of debt, which from its character, form or appearance, shall be calculated or intended to circulate as money; and every violation of this section by any officer or member of a banking company shall be deemed and judged a misdemeanor, and be punished by fine or imprisonment, or both, in the discretion of the court having cognizance thereof, as now provided by law."

Ohio.—The Traders' Bank, at Mechanicsburg, has retired from business, paying up all creditors in full. They withdrew because the profits of banking did not justify a continuance in business at this time.

Vermont.—Hon. Allen Wardner, a very prominent man in Windsor, Vt., and throughout the State, died on Wednesday, August 29th. Mr. Wardner was born in Alstead, N. H., Dec. 13, 1786, and removed to Windsor in 1800. For many years he was President of the Ascutney National Bank, and held the office of State Treasurer in 1837.

Adroit Robbery.—A curiously interesting law suit has been brought in the Circuit Court at Mount Vernon, Illinois, being the case of the Mount Vernon National Bank against the Adams Express Company, for eight thousand dollars, which plaintiffs claim to have delivered, in June last, to defendants, for transmission to the Third National Bank of St. Louis. What has become of this money is unknown to all save the person who stole it. The *St. Louis Republican* thus states the circumstances:

The history of this case, as far as developed, is as follows: On the 11th of June the cashier of the Mount Vernon National Bank counted out six thousand dollars in greenbacks and two thousand dollars in National bank currency, and placing the whole in one package, braced on each side by a piece of heavy pasteboard, securely tied the same with strong twine, the ends and sides of the bills being, it is said, fully exposed to view. The package was then passed over to Noah Johnson, the president of the bank, and Jeremiah Taylor, a director, who placed upon it an additional wrapper, tied it with more and stronger twine, and then sealed it. Not satisfied with this, the bank officers named gave it a second wrapper, thicker and stronger than the first, and put on more twine and sealing wax. In this apparently secure shape the package was returned to the cashier, Mr. C. D. Ham, who at once addressed it to the Third National Bank at St. Louis. It was then passed back to Mr. Taylor, the director above named, who took it to the depot and delivered it to Mr. John T. Sanders, express agent, taking a receipt for the same. When the westward bound train reached Mount Vernon, about half an hour from the time of this transaction, the express agent delivered the package to the express messenger, who in turn gave his receipt therefor. From this point the mystery commences. It being after banking hours when the train reached St. Louis, the package could not be delivered until nine next day. It seems, indeed, that it was not until the afternoon of the following day that the Third National Bank received it, and that it was then placed in their safe and not opened until the next day, the 13th. It was this last proceeding that disclosed the most ingenious robbery recorded in many a day. The money was found to have disappeared and in its stead had been placed a lot of brown wrapping paper cut the size of bank bills, interlaced all through with tissue paper, the whole being made to resemble the size and shape of the original package as sent from the bank in this city. The pasteboards were, however, gone, and the package tied with different twine from that used by the Mount Vernon Bank. The inside wrapper was also gone, though the outside one, with the address in the handwriting of the cashier of the Mount Vernon Bank, had apparently been undisturbed, it requiring considerable scrutiny to detect any tampering with the seals. This is the most remarkable feature of the affair, and shows the consummate skill of the hands employed in it.

There are numerous theories advanced on the subject, but no good purpose could be served by making newspaper mention of these on the eve of the trial, in which the whole matter will be sifted to the bottom. The Mount Vernon Bank sues for the $8,000 stolen funds and for $4,000 in the way of damages. A number of prominent lawyers of Missouri and Illinois are engaged, and the trial promises to be one of great interest.

Germany.—One of the oldest Frankfort banking firms—De Neufville, Mertens & Co.—has failed with liabilities of five million marks.

PUBLIC DEBT OF THE UNITED STATES.

Recapitulation of the Official Statements—cents omitted.

Debt Bearing Interest in Coin.

	Aug. 1, 1877.		*Sept.* 1, 1877.
Bonds at six per cent	$844,525,250	...	$814,341,050
Bonds at five per cent	703,266,650	...	703,266,650
Bonds at four and a-half per cent	155,000,000	...	185,000,000
	$1,702,791,900		$1,702,607,700
Debt Bearing Interest in Lawful Money.			
Navy pension fund at three per cent	$14,000,000	...	$14,000,000
Debt on which Interest has Ceased	$11,979,280	...	$19,357,660
Debt Bearing no Interest.			
Old demand and legal-tender notes	$359,158,182	...	358,040,096
Certificates of deposit	55,495,000	...	50,430,000
Fractional currency	19,784,335	...	19,172,114
Coin certificates	37,807,300	...	38,525,400
	$472,244,818	...	$466,167,610
Total debt	$2,201,015,998	...	$2,202,132,971
Interest	29,095,129	...	26,265,694
Total Debt, principal and interest	$2,230,111,128	...	$2,228,398,665
Cash in the Treasury.			
Coin	$97,803,995	...	$106,904,936
Currency	9,811,956	...	11,828,537
Currency held for redemption of fractional currency	8,160,858	...	8,265,412
Special deposit held for redemption of certificates of deposit, as provided by law	55,495,000	...	50,430,000
	$171,271,809	...	$177,428,886
Less estimated amount due military establishments for which no appropriations have been made	500,000	...	$4,500,000
Total	$170,771,809	...	$172,928,886
Debt, less cash in the Treasury, Aug. 1, 1877	$2,059,339,318	...	———
" " " Sept. 1, 1877	———	...	$2,055,469,779
Decrease of debt during the past month	$818,904	...	$3,869,538
Decrease of debt since June 30, 1877	818,904	...	4,688,443
Bonds issued to the Pacific Railway Companies, Interest Payable in Lawful Money.			
Principal outstanding	$64,623,512	...	$64,623,512
Interest accrued and not yet paid	323,117	...	646,235
Interest paid by the United States	35,957,629	...	35,957,629
Interest repaid by transportation of mails, &c.	8,671,625	...	8,676,250
Balance of interest paid by the U. S.	$27,286,003	...	$27,281,378

CHANGES OF PRESIDENT AND CASHIER.

(*Monthly List, continued from September No., page 234.*)

	Name of Bank.	*Elected.*	*In place of*
N. Y. CITY.	Chatham National Bank.	George M. Hard, *Pr.*	J. M. Cooper.
		H. P. Doremus, *Cas.*	G. M. Hard.
"	Continental National Bank	Alfred H. Timpson, *Act. Cas.*	
"	First National Bank	George F. Baker, *Pr.*	S. C. Thompson.
		H. C. Fahnestock, *V.P.*	J. Thompson.
		E. Scofield, *Cas.*	G. F. Baker.
"	Marine National Bank	Sidney Green, *Cas.*	J. De Lamater.
"	Metropolitan Nat'l Bank	George I. Seney, *Pr.*	J. E. Williams.*
		G. J. McGourkey, *Cas.*	G. I. Seney.
COLO.	Rocky Mtn. N. B., Central City	H. M. Teller, *Pr.*	H. Kountze.
CONN.	Mechanics' Bank, New Haven	John P. Tuttle, *Pr.*	C. Atwater.
		C. H. T.owbridge, *Cas.*	G. B. Curtiss.
"	New Haven Savings Bank	A. L. Kidston, *Pr.*	W. Fitch.
ILL.	First National Bank, Arcola	James Beggs, *Pr.*	A. L. Clarke.
IND.	First Nat. B'k, Indianapolis	John C. New, *Pr.*	W. H. English.
		John C. Wright, *V. P.*	J. C. New.
		John C. McCutcheon, *Cas.*	J. L. Slaughter.
"	Sullivan Co. Bank, Sullivan	W. E. Crowley, *Act. Cas.*	M. B. Wilson.
ME.	Granite Nat. Bank, Augusta	Darius Alden, *Pr.*	B. H. Cushman.
MASS.	National Revere Bank, Boston.	Samuel C. Cobb, *Pr.*	S. H. Walley.*
"	Powow River National Bank, (Salisbury), Amesbury	George F. Bagley, *Pr.*	T. J. Clarke.
		Albert B. Brown, *Cas.*	G. F. Bagley.
"	Palmer National Bank, Palmer.	W. A. Lincoln, *Cas.*	L. Green.
"	National Bank of Wrentham	Otis Cary, *Pr.*	D. A. Cook.*
MINN.	Merchants' N. B., Minneapolis	Stephen Gardner, *Pr.*	E. Moses.
MO.	Exchange Bank St. Louis	Dwight Durkee, *Pr.*	T. Bartholow.
		Theodore Barthol'w, *V.P.*	....
N. J.	Union Nat. Bank, Mt. Holly	William I. Emley, *Cas.*	C. M. Harker.
N. Y.	Bainbridge Bank, Bainbridge	H. W. Curtis, *V.P.*	I. M. Curtis.
		I. M. Curtis, *Cas.*	E. E. McKinstry.
"	First National Bank, Ellenville.	Isaac Corbin, *Cas.*	J. Bing Childs.
"	Genesee Valley N. B., Geneseo.	J. W. Wadsworth, *Pr.*	D. H. Fitzhugh.
"	Merchants' Nat. B., Whitehall.	E. A. Martin, *Pr.*	E. W. Hall.
OHIO.	Farmers' National Bank, Franklin	J. S. Stoutenborough, *Pr.*	D. Adams.
		David Adams, *Cas.*	J. M. Oglesby.
"	Kinney National Bank, Portsmouth	John W. Kinney, *Pr.*	P. Kinney.*
		James A. Brown, *Cas.*	J. W. Kinney.
PENN.	Third National B'k, Allegheny†	Hugh S. Fleming, *Pr.*	J. Gallagher.
"	Harmony Sav. B'k, Harmony	Henry Goehring, *Pr.*	....
		George Beam, *Tr.*	....
		James C. Scott, *Cas.*	....
"	Far. & Mech. N. B., Phenixville	A. H. Stover, *Pr.*	J. Kennedy.*
R. I.	Pascoag National B'k, Pascoag.	John T. Fiske, *Pr.*	D. M. Salisbury.
TEXAS.	City National B'k, Fort Worth.	John Nichols, *Pr.*	A. M. Britton.
VT.	First National B'k, Springfield.	B. F. Aldrich, *Cas.*	....
ONT.	Bank of Montreal, Port Hope.	C. L. Thomson, *Agent.*	....
"	Canad. B. of Com'ce, Brantford	W. Roberts, *Mgr.*	....
"	" " Cayuga	E. Cowdry, "	W. Roberts.
"	" " Dundas	D. H. Charles, "	D. Just.
"	" " Galt	W. A. Sampson, *Mgr.*	E. Cowdry.
"	" " Woodstock	A. L. Dewar, "	W. A. Sampson.

* Deceased. † *Not* First National as previously reported.

ONT....	Consol'd B. of Canada, Belleville	William Hamilton, " ...	J. Young.
" ..	" " Toronto Yonge Street Branch	C. B. Grasset, " ...	A. Green.
" ..	Consol'd B. of Canada, Wingham	A. Green, " ...	....
" ..	Dominion Bank, Brampton....	R. A. Helliwell, *Agent* ..	W. H. Holland.
" ..	Exchange Bank of Parkhill....	T. L. Rogers, *Mgr*......	D. E. Cameron.
" ..	Impl. B. of Canada, Ingersoll..	C. S. Hoare, "	C. E. Chadwick.
" ..	Merch. B. of Canada, Hamilton.	A. M. Crombie, "	W. Cooke.
" ..	" " Ingersoll...	D. Miller, "	D. Kemp, *Agent*.
" ..	" " St. Thomas	John Pottenger, "	A. M. Crombie.
" ..	" " Toronto...	William Cooke, "	A. Cameron.
" ..	" " Windsor...	Arthur Wickson, "	H. R. Morton, *Agt*.
" ..	The Molsons Bank, Exeter.....	Henry C. Brewer"	E. W. Strathy.
" ..	" " Owen Sound	Edward W. Strathy, *Mgr*.	T. Blakeney.
" ..	" " Windsor....	Thomas Blakeney, *Mgr*..	C. D. Grasett.
QUE....	Exchange Bank Joliette........	R. Terroux, Jr., *Int. Mgr*.	D. O. Pease.
N. B...	The Molsons B'k, Campbellton..	A. A. C. Denovan, *Agt*..	J. McMahon.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Authorized August 22 to September 18, 1877.)

No.	*Name and Place.*	*President and Cashier.*	*Capital. Authorized.*	*Capital. Paid.*
2368	First National Bank.......... Rome, GA.	J. H. Reynolds.......... B. I. Hughes.	$75,000	$37,500
2369	Farmers' National Bank....... Sullivan, IND.	John Giles.............. Medford B. Wilson.	50,000	50,000
2370	Chase National Bank......... New York City.	Samuel C. Thompson.... Isaac W. White.	300,000	150,000
2371	North National Bank......... Rockland, ME.	A. J. Bird............... N. T. Farwell.	100,000	100,000

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from September No., page 234.)

State.	*Place and Capital.*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
NEW YORK CITY.......	$300,000	Chase National Bank...... Sam'l C. Thompson, *Pr.*	.... Isaac W. White, *Cas.*
ALA....	Troy $20,000	Pike County Bank .... J. Butterfield, *Pr.*	First National Bank. Louis Butterfield, *Cas.*
GA.....	Rome.......... $75,000	First National Bank....... John H. Reynolds, *Pr.*	Chemical National Bank. Benj. I. Hughes, *Cas.*
ILL....	Medora........	Bowman, Cockrell & Co...	Metropolitan National Bank.
" ..	Mt. Morris.....	B. of Mt. Morris (Newcomer & Rice.)	Kountze Brothers.
IND.....	Delphi.........	Citizens' Bank............ Henry Gros, *Pr.*	Third National Bank. W. W. Hubbard, *Cas.*
" ..	Sullivan $50,000	Farmers' National Bank... John Giles, *Pr.*	Winslow, Lanier & Co, Medford B. Wilson, *Cas.*
IOWA...	Hopkinton.....	Frank M. Earhart.........	John J. Cisco & Son
MAINE..	Rockland...... $100,000	North National Bank...... A. J. Bird, *Pr.*	.... N. T. Farwell, *Cas.*
MO.....	St. Louis......	Matthews & Whitaker.....	Blake Brothers & Co.
PENN.	Clintonville....	Clinton Bank............ Thos. McKee, *Pr.*	Drexel, Morgan & Co. Joseph H. Kerr, *Cas.*
TEXAS..	Hempstead	Green & Faddis...	....

DISSOLVED OR DISCONTINUED.

(*Monthly List, continued from September No., page 235.*)

N. Y. CITY. Clairmont Savings Bank; closed by Bank Department.
" . Harlem Bank; voluntary liquidation.

ILL..... City Savings Bank, *Chicago;* attached and suspended.
" .. Emil Josaphat, *Chicago;* closed.
" .. Fidelity Savings Bank and Safe Depository, *Chicago;* failed.
" .. Merchants, Farmers & Mechanics' Savings Bank, *Chicago;* failed.
" .. State Savings Institution, *Chicago;* failed.

IND..... People's Bank, *Logansport;* suspended.

IOWA... Lovett & Co., *Sabula;* assigned.

KANSAS. Brockway & Smith, *Oswego;* discontinued.

MASS... Sandwich Savings Bank, *Sandwich;* suspended.

N. H.... Carroll County Five Cents Savings Bank, *Wolfeborough;* suspended.

N. Y.... Long Island Savings Bank, *Brooklyn;* closed by Bank Department.

TEXAS.. William P. Cole, *Hempstead;* suspended. Succeeded by Green & Faddis.

WIS.... Bank of De Pere, *De Pere;* closed.

RECENT CHANGES OF TITLE, ETC.

(*Monthly List, continued from September No., page 235.*)

CAL.... C. W. Brewster, *Placerville;* suc. by George Alderson. C. W. Brewster, acting as Manager.

IND..... First National Bank, *Delphi;* succeeded by Citizens' Bank.

IOWA... F. J. Taylor & Co., *Emerson;* succeeded by Mosley Chase.
" .. W. S. Alger & Co., *Villisca;* succeeded by A. W. Sweet.

KANSAS. Farmers & Merchants' Bank, *Wichita;* now a State bank.

NEV.... North Bank, *Rockland;* now North National Bank. Same officers.

MICH... *Wenona;* now called West Bay City.

THE PREMIUM ON GOLD AT NEW YORK.

AUGUST—SEPTEMBER, 1877.

1876.	*Lowest.*	*Highest.*	1877.	*Lowest.*	*Highest.*	1877.	*Lowest.*	*Highest.*
September ...	9¼	10⅜	Aug. 27	4	4¼	Sept. 11	3⅜	3½
October.......	8⅞	13¼	28	4¼	4½	12	3¼	3⅜
November....	8⅛	10½	29	4⅛	4⅜	13	3¼	3¼
December ...	7	9	30	4⅛	4¼	14	3¼	3⅜
1877.			31	4	4	15	3⅛	3¼
January	5¼	7⅛	Sept. 1	3⅞	4	17	2⅞	3⅛
February	4⅝	6	3	3⅝	3⅞	18	2⅞	3⅛
March..........	4¼	5⅜	4	3⅜	3½	19	3	3¼
April...........	4¾	7⅞	5	3¼	3⅜	20	3⅛	3¼
May	6¼	7⅜	6	3¼	3½	21	3⅛	3⅛
June............	4¾	6⅜	7	3½	3⅝	22	3	3⅛
July	5⅛	6⅛	8	3⅜	3⅝	24	3⅛	3¼
August........	3⅞	5½	10	3⅜	3½	25	3⅛	3¼

NOTES ON THE MONEY MARKET.

NEW YORK, SEPTEMBER 25, 1877.

Exchange on London at sixty days' sight, 4.82½ a 4.83 in gold.

One of the chief topics of interest in the money market is the syndicate loan. Several members of the syndicate have lately been in Washington, and it is reported that they have made arrangements with Secretary Sherman to meet a call for twenty millions in gold, for the redemption of the six-per-cent. bonds. It is anticipated that the holders of these bonds will, for the most part, invest in the new four-per-cents. so as to aid in reviving the demand for these securities. The Convention of the American Bankers' Association, whose proceedings are reported elsewhere, appointed a committee of seven of its members to confer with the committee of seven entrusted by the New York Clearing House with the consideration of Mr. Coe's plan of resumption. This plan is variously discussed in the offices of the banks. Some of our leading bank officers and directors think very highly of the plan, and all seem to be of opinion that if it could be made practicable and kept long enough in operation many advantages might be secured to the country, and much of the danger might be avoided which now threatens us in the transition to the solid ground of specie resumption. Against the proposed plan the chief arguments are three. In the first place, it is alleged that the banks have not so much confidence, as formerly, in the ability or the will of Secretary Sherman to carry out any compact of the nature Mr. Coe requires for the realization of his plan. To illustrate this, the fact is cited that in June last Mr. Sherman made a promise to certain leading banks here, and to their friends, that he would not negotiate any new loan with the syndicate from which they should be excluded. Within a week or two after this promise was given the present contract with the syndicate was formed. The banks in question were excluded by the terms of the agreement from participation in it, and before they discovered what had been done it was too late for the Secretary to make any change, or to exact any new conditions. Such is the first of the arguments relied upon by those who do not deem Mr. Coe's plan quite practicable. Another point urged against it is the difficulty, if not the impossibility, of uniting in a sufficiently close phalanx the rival members of

the various clearing houses in the United States, and of subjecting them to so strict a military discipline as would be needful to secure success in a prolonged negotiation of Government bonds, especially as these engagements would involve the institutions at work in liabilities amounting to a very serious aggregate. Even after the disaster and disappointment connected with the battle of Bull Run, when the enormous pressure of our War finance aroused the patriotism of every banker and bank officer in the country, it was not found practicable to do as much as was intended in the negotiation of the early war loans of the Government. New York, it is admitted, did its full share, and more. But Boston and Philadelphia did less than was as first estimated. The argument goes on to show that if, under the pressure of so great a national emergency, the banks outside of New York could not take as much of the war loans of 1861 as was desired, there is less prospect than might be wished that they could be relied upon to play their part efficiently in carrying out Mr. Coe's scheme. Finally, another class of objectors say that even if all these difficulties could be surmounted,—if Mr. Sherman could inspire the banks with confidence in his promise, and if the banks could be induced to work harmoniously, both in the financial centres and throughout the United States, for the operation of the resumption machinery, it would be impossible to prevent a political outcry from some of the adversaries of the banks. What they would say would be probably something like this: "The Government has sold bonds to the banks for which it pays the banks interest. But the purchase money is by the contract to be left in bank for an indefinite time, and it is lent out by the banks in the regular course of their business, so as to earn interest and make profits for these greedy, money-lending institutions. Hence, on the one side we have the Government paying the banks interest for money which the banks are allowed to retain. Nor is this all. If the banks simply retained the money, the bargain would not be quite so conspicuously unfair. But the banks do not retain the money. They lend it out and make a profit upon it, so that they collect double interest. First they are paid interest by the Government and, secondly, they are paid on the same sum of capital interest by the public to whom they lend it."

We have condensed the foregoing summary of the arguments against Mr. Coe's plan, from various communications we have received on the subject; and without pronouncing at present any definite opinion upon them, we cannot refrain from expressing our regret that difficulties of so formidable a character as these are alleged to be were not brought up before the Convention that they might receive the attention they deserve. In a short time it will perhaps be found that these and other difficulties have been foreseen and provided for by the gentlemen who have, with so much labor and hope, assisted Mr. Coe in maturing his plans and in bringing them before the public. There is a good deal of agitation in Wall Street in regard to this matter and it will very likely come up before Congress at an early period in the coming session.

The rates for money are quoted at three to four per cent. on Government collaterals, and at four to six per cent. for miscellaneous securities. In discounts there is not much change, and prime paper passes at 5½ to seven per cent. The banks are losing greenbacks in consequence of the drain to the interior which is usual at this period of the year. Subjoined are the averages of the New York Clearing-House banks for several weeks past:

1877.	Loans.	Specie.	Legal Tenders.	Circulation.	Deposits.	Excess of Reserve.
Aug. 25	$244,899,600	$14,259,000	$50,789,000	$15,515,500	$213,026,300	$11,791,425
Sept. 1	243,778,700	16,030,100	48,130,600	15,383,300	209,450,700	11,798,025
" 8	243,920,800	19,961,600	45,303,900	15,568,400	210,574,100	12,621,975
" 15	243,795,000	19,913,000	44,045,900	15,577,100	208,582,400	11,813,300
" 22	243,976,400	19,274,700	42,454,400	15,596,100	206,724,100	10,048,075

The Clearing-House exhibit of the Boston banks for the past month is as below:

1877.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Aug. 25	$128,971,300	$1,658,700	$6,619,500	$70,692,200	$23,306,600
Sept. 1	128,830,900	1,787,200	6,761,500	70,820,700	23,338,500
" 8	129,092,200	2,151,200	6,652,100	71,800,600	23,524,000
" 15	129,162,600	2,261,200	6,767,100	72,653,800	23,546,300
" 22	128,782,900	2,375,000	6,809,300	72,756,200	23,421,400

The Philadelphia bank statements for the same time are as follows:

1877.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Aug. 25	$60,633,929	$1,138,119	$14,659,797	$49,335,787	$10,489,880
Sept. 1	61,110,147	1,132,272	14,642,247	49,989,663	10,403,113
" 8	61,057,342	1,244,007	14,589,275	49,397,024	10,536,776
" 15	61,398,773	1,142,579	14,355,546	49,750,085	10,524,262
" 22	61,152,599	1,346,360	14,228,863	49,275,000	10,552,698

The stock market offers very few features of general interest. In Governments there is little doing, as the reported negotiations at Washington between the syndicate and other bankers and the Secretary of the Treasury check the desire of investors to make their purchases at present. In State bonds there is less movement just now than was reported a few weeks ago. Railroad bonds are firm but less active, and railroad shares are weaker. The prospects of good crops and of a large resulting business for the railroads does not produce as lively an advance in the railroad share market as was anticipated. Gold has fallen to a lower point than has been touched since May 8th, 1862. The lowest price struck was 102 7-8 last week. Since that time there has been a little reaction, and the price closes at 103 1-4. Foreign exchange shows no animation. The cotton shipments have scarcely as yet begun, and few commercial bills are in the market. Subjoined are our usual quotations:

QUOTATIONS:	August 28.	Sept. 6.	Sept. 11.	Sept. 18.	Sept. 25.
Gold	104¼	103½	103⅜	103	103⅛
U. S. 5-20s, 1867 Coup.	108⅜	107¾	107⅜	109½	107⅝
U. S. new 10-40s Coup.	112	109⅜	108¾	107¾	108½
West. Union Tel. Co.	81⅛	83¾	81⅛	82⅝	78¼
N. Y. C. & Hudson R.	101½	103⅝	103¼	103⅛	101
Lake Shore	63	66⅞	62½	65⅛	63¼
Chicago & Rock Island	100¼	101½	100¼	102½	101⅝
New Jersey Central	17	18	17½	18	17⅛
Del. Lack. & West.	48⅝	58	53⅛	52¼	49
Delaware & Hudson	49	55¼	51½	49⅛	44
North Western	31½	33⅞	33⅝	36⅛	37
Pacific Mail	24⅛	24¾	24	23¾	22⅝
Erie	11½	12⅛	11⅝	11⅛	11⅛
Call Loans	3 @ 4	2½ @ 5	3½ @ 5	2½ @ 5	4 @ 6
Discounts	4 @ 6½	4 @ 7	5 @ 7	5 @ 8	6 @ 7
Bills on London	4.82½-4.85½	4.82½-4.85½	4.83½-4.87	4.83½-4.87	4.83½-4.87
Treasury balances, cur.	$49,194,443	$47,916,557	$47,347,298	$45,380,815	$44,316,678
Do. do. gold.	$83,250,859	$87,845,710	$89,014,560	$90,731,885	$98,958,883

Since the Schuyler frauds in this City twenty years ago, few breaches of trust have been perpetrated by men of eminent social position which have excited so much surprise as the defalcation, at Philadelphia, of John S. Morton, President of the West Philadelphia Passenger Railway. The event has produced considerable agitation in Philadelphia; but the apprehensions of further trouble are abating. The amount of the fraudulent stock which Morton has issued is estimated at one million of dollars, and it is supposed to reach half as much more. The capital of the company is limited to half a million of dollars, of which $400,000 has been subscribed and taken, leaving only $100,000 unsubscribed. It is generally believed that the company is liable for the fraudulent issue, but with the limit set by the cashier to the capital it is not certain by what means the whole issue can be legalized at the present par price. This difficulty, it is thought, may be solved by acknowledging all the stock, and by dividing the whole amount, spurious and genuine, into the authorized capital of $500,000. Ten thousand shares at $50 per share would cover the entire capital. If there should turn up fifteen thousand shares in all the par per share would be $33⅓; if twenty thousand the par per share would be $25. As we go to press it is announced that Morton the defaulting president of the Company, as well as B. F. Stokes, its secretary, and Samuel P. Huhn, its treasurer, with George Vickers, Morton's private secretary, have been arrested on a charge of conspiracy to defraud the Company.

The following summary shows the imports and exports at the port of New York for the first eight months of the last three years:

FOREIGN IMPORTS AT NEW YORK FOR EIGHT MONTHS FROM JANUARY 1.

	1875.	1876.	1877.
Entered for consumption	$106,548,986	$87,434,756	$96,126,119
Entered for warehousing	71,797,178	59,199,865	66,348,653
Free goods	63,838,421	52,025,625	61,702,976
Specie and bullion	8,721,435	3,606,735	8,779,634
Total entered at port	$250,906,020	$202,266,981	$232,957,682
Withdrawn from warehouse	66,731,570	55,825,002	51,296,689

EXPORTS FROM NEW YORK TO FOREIGN PORTS FOR EIGHT MONTHS FROM JANUARY 1.

	1875.	1876.	1877.
Domestic produce	$160,586,206	$167,096,684	$174,944,011
Foreign free goods	1,501,796	2,277,864	1,558,943
Foreign goods, dutiable	4,130,384	4,451,903	2,975,521
Specie and bullion	60,290,300	38,701,247	23,937,849
Total exports	$226,508,686	$212,527,698	$203,416,329
Total exports, exclusive of specie	166,218,386	173,826,451	179,478,480

DEATHS.

At NANTASKET, Mass., on Monday, August 27th, aged seventy-two years, Hon. SAMUEL H. WALLEY, President of the Revere National Bank of Boston.

At IRVINGTON, N. Y., on Thursday, September 20th, aged seventy-three years, JOHN EARL WILLIAMS, President of the Metropolitan National Bank of New York City.

At WINDSOR, Vt., on Wednesday, August 29th, aged ninety-one years, Hon. ALLEN WARDNER, formerly President of the Ascutney National Bank.

THE

BANKER'S MAGAZINE,

AND

Statistical Register.

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THE COMPTROLLER OF THE CURRENCY ON BANK TAXATION.

BY DR. GEORGE MARSLAND.

For some years a growing sentiment has prevailed in opposition to the custom, formerly so frequent, of filling up the yearly reports of the Treasury with a multitude of recommendations as to what Congress ought to do, and as to the principles of legislation which should be observed. These suggestions were seldom followed; and we understand that, for the present year, the Treasury reports will be brief and curtailed in regard to such extraneous subjects, but unusually full in exhibiting those facts and statistics of which Congress and the public have a right to expect the details. The successive reports of the Comptroller of the Currency, during the last five or six years, have received more attention here and abroad on account of the summary which they give of certain important movements which constitute a fundamental part of the financial history of the nation for the fiscal year. Hence in the public press more has been said of late as to the forthcoming reports than has been usual since the more exciting periods of our war finance. Some of the journals have given extensive abstracts and summaries of the recommendations which were to be offered. At present, most of these suggestions are more or less conjectural. The Treasury officers will be likely to keep their own counsel for some time to come.

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One of the most important and best authenticated rumors is that both the Secretary and the Comptroller will favor the repeal or modification of the war taxes on the banking business. The Federal taxes on the deposits and capital of banks and bankers have often been shown to be unsound in principle and mischievous in practice. It is a fundamental maxim of fiscal science, established by experience and recognized by history, that what individuals and corporations should pay a tax upon is their actual property; and that every citizen in making his returns for taxation should be allowed to deduct his debts. In the light of this principle the bank tax laws are singularly absurd. They not only set it at defiance but they positively go so far as to compel our bankers and banks to pay taxes upon their debts. This argument has more than once been elaborated by the Comptroller, and it is said that he will repeat it with emphasis this year. Another objection which he is also expected to urge is that the National taxes inflict harm upon our finance and trade to a far greater amount than the limited sum which they bring into the National Treasury. A third argument, of which rumor speaks, is that these National imposts added to the taxes levied under State laws, are heavier and more exhausting than the banking business can, at this critical period, afford to bear. For these three reasons and for others equally obvious, the Treasury reports will, it is said, urge the repeal or modification of bank taxation. The rumors may perhaps not be verified fully by the event, but in any case, Congress cannot fail to recognize the fact, which has been so often demonstrated, that the bank taxes do irreparable mischief to commerce, disturb the movements of industry, check the growth of the National wealth, and that their repeal is demanded, not only by enlightened fiscal principles, but by the highest reasons of expediency, sound policy and regard for the recuperation of business.

To illustrate this point we have compiled a statement from official sources of the taxes paid by the banks of the United States during the fiscal year 1876. The total number of banks and bankers was 6,606. On deposits the National banks paid three and a half millions, the State banks two and a half millions, and the Savings banks half a million. On their capital the National banks paid a little more than half a million, and the State banks and private bankers nearly a million. The taxes on bank circulation amounted to a little over three millions from the National banks. During the whole fiscal year the aggregate taxation upon the banking business was thus between eleven and twelve millions. Our table is as follows:

FEDERAL TAXES PAID BY THE BANKS FOR THE FISCAL YEAR 1876.

	No. of Banks.	*Taxes on Circulation.*	*Taxes on Deposits.*	*Taxes on Capital.*
State banks and private bankers........	3,829	$10,265 52	$2,572,164 97	$989,219 61
National banks........................	2,087	3,091,795 76	3,505,129 64	632,396 16
Savings banks with no capital stock.....	991	——	427,365 78	——
*Savings banks with capital stock......	—	——	74,390 00	——
Total..............................	6,606	$3,102,061 28	$6,578,960 39	$1,621,615 77

* Partly estimated.

In addition to these war taxes imposed by the National Government there are State taxes which amount to about as much more. With regard to the National banks, the Federal taxes were first imposed chiefly for the purpose of paying the expenses of the Comptroller's office. Those expenses from the organization of the system to July 1, 1876, amounted to little more than $4,000,000, while the amount of taxes paid upon circulation during the same time, omitting those upon deposits and capital stock, were almost $34,000,000. The total amount of taxation upon banking capital, imposed both by National and State authorities, ranges from about 3½ to $4\frac{7}{10}$ per cent. The injustice of the tax upon deposits is the more evident from the fact that the banks in the principal cities, have, for years past, held large amounts of currency as dead weight, which greatly augments the nominal amount of deposits reported by them. The Comptroller, in his last report, called attention to the fact that there is no provision of law for disposing of this excess, either by funding, as originally authorized by the legal-tender act, or by redemption in specie, either of which would reduce the amount of circulation. The banks have thus held a large amount of money which could not be used at remunerative rates, but upon which they have been obliged to pay heavy taxes to the Government. The United States Treasury is receiving, according to the Treasury report of last year, a revenue from the banks which is more than equal to the taxes paid by them before the war, while the State governments have been for several years increasing the fiscal burdens which previously were as great as could be endured and have caused many of the National banks to surrender their circulation and organize anew as private banking institutions.

This year, for obvious reasons, the Department Reports may have less influence than heretofore on legislation. But it is believed that although during the extra session no tax bills will be passed, still at the regular session, Congress may yield so far as remove the Federal taxes from bank deposits and bank capital. It has often been shown in the BANKER'S MAGAZINE that previous to the war no such taxes on banks were imposed in this country, and that even now they are not known in any civilized nation abroad. The taxes on the banking business in their origin were war taxes,

and they ought to have been removed when the war was over. They partake of the mischievous and unpopular character of the majority of the taxes imposed by our crude system of war finance, most of which were repealed in 1865 on the restoration of peace. The reason of the delay in repealing the war taxes on our banks is partly to be found in the fact that the banks have never until lately united to ask Congress for relief. Nor would the general demand from the banks, the merchants, the chambers of commerce, the boards of trade, and other friends of sound taxation throughout the country, have even now been as complete and efficient as it was shown to be last February by the large deputation to the Committee of Ways and Means, if the pressure of the new losses and the diminution of the old profits of the banking business, had not compelled our banks throughout the country to rouse themselves, to collect their forces and to try to liberate the banking machinery from the ruinous pressure of the war tax burdens.

As to the advantages which the nation would secure by repeal they are numerous; as has often been proved. At present we have not space to discuss them in detail, and we can only advert to a few points which merit special notice. First of all there is the refunding of the debt. The Comptroller of the Currency will, we are informed, suggest in his report a plan by which the repeal of bank taxation can be made instrumental in giving a new permanent impulse to the refunding of the National debt at four per cent. The details of this plan have not been published; but from Mr. Knox's well-known perspicacity and practical experience, any suggestion he may make will be certain to be received with respect and to command general attention. Secondly, for obvious reasons, the repeal of the bank taxes is expected to operate beneficially on the general condition of our banking system. It will both strengthen the banks in preparing to resume specie payments, and it will remove some of the hindrances to the development and promising growth of our exportation of American manufactures.

Many persons have justly contended that the taxes on banks aid our foreign competitors in productive industry. In England, as well as in France and Germany, the rate of interest rules, on the average, very much below the rates current here. The United States is a young country, where there is a broad field for the use of capital, so that the demand exceeds the supply, and the rate of interest rules above the average of other countries, where, except in time of panics, more capital is always seeking employment than can find legitimate and lucrative investments.

We do not contend that by repealing bank taxes, the economic law will be controlled or reversed that in young countries the rate of interest rules high and in old coun-

tries low. The point that we insist upon is not that Congress can tamper with an irreversible law, but that they can prevent the operation of that law from being checked and disturbed by unwise taxation, so as to impose burdens upon industry and to prevent the development of our National wealth, productive power and export facilities. Those of us who have investigated the prospects of our export trade, especially in the products of manufacturing industry, have the best evidence that one chief obstacle which hampers us in competing with our rivals in Europe is, that our American producer has to pay twice as much as his British competitor for the interest of the money used in productive enterprises. If our manufacturers are to be successful in their efforts to contribute their quota to our growing foreign exports, every burden like that imposed by bank taxation must be taken off, and the same repeal of bank taxes which will benefit the manufacturer and merchant will also benefit the farmer and the owner of real estate; for these classes are almost as much injured by taxes which enhance the rate of interest for money as are the men who live by trade and manufactures. The indications are, as we have said, that at the regular session of Congress some measure of success may not improbably reward the efforts of the banks to rid themselves and the country of these mischievous tax burdens. At least if these fiscal evils are not soon removed, the blame and the responsibility for the results will be thrown upon Congress, for we are assured by men who have given close attention to the facts, that of late a strong and salutary agitation has sprung up against bank taxation among the thoughtful and well informed classes of our citizens not only in other sections of our country but in the West and South also.

THE NEW YORK CLEARING HOUSE.

The annual meeting of the New York Clearing-House Association was held 2d October, and Mr. William A. Camp, the Manager, reported the aggregate transactions for the year at 24,663 millions of dollars, against 22,892 millions last year, 24,613 millions in 1875, 24,142 millions in 1874, and 36,935 in 1873. From these figures it is evident that the great financial movements of the country are going forward with fair rapidity, and since 1874 there had been a steady and well-distributed improvement from year to year, in the agricultural development and in financial and mercantile business. The figures before us show that the country has not greatly suffered from the severe strain caused by the fall in gold and the approach of specie payments. The subjoined

table shows the Clearing-House transactions of the year, and compares with them the corresponding aggregates of 1874, 1875, and 1876:

NEW YORK CLEARING-HOUSE TRANSACTIONS, 1874 TO 1877.

Year ending September 30.	1874.	1875.	1876.	1877.
Currency exchanges.........	$20,850,681,962	$23,082,276,858	$19,874,815,360	$20,876,556,936
Currency balances..........	971,231,280	1,404,346,845	1,009,533,037	1,015,256,482
Gold exchanges.............	2,005,245,673	108,940,058	1,722,458,886	2,413,287,764
Gold balances..............	315,521,895	18,284,429	285,508,991	358,739,818
Total transactions.........	$24,142,680,812	$24,613,848,192	$22,892,316,275	$24,663,841,002
Average daily currency exch.	68,439,483	79,326,301	70,349,427	68,447,724
Average daily currency bal..	3,173,958	3,608,976	3,288,381	3,328,709

The total exchanges since the Clearing House began business amount to 475,756 millions. Subjoined is a statement of the aggregates of each year:

CURRENCY EXCHANGES AND BALANCES OF THE N. Y. CLEARING HOUSE, 1853 TO 1877.

Oct. to Oct.	*Currency Exchanges.*	*Cash Balances Paid.*	*Average Daily Exchanges.*	*Av'ge Daily Balances.*
1853-54	$5,750,455,987	$297,411,493	$19,104,504	$988,078
1854-55	5,362,912,098	289,694,137	17,412,052	940,564
1855-56	6,906,213,328	334,714 489	22,278,107	1,079,725
1856-57	8,333,226,718	365,313,901	26,968,371	1,182,245
1857-58	4,756,664,386	314,238,910	15,393,735	1,016,954
1858-59	6,448,005,956	363,984,682	20,867,383	1,177,943
1859-60	7,231,143,056	380,693,438	23,401,757	1,232,017
1860-61	5,915,742,758	353,383,944	19,269,520	1,151,087
1861-62	6,871,443,591	415,530,331	22,237,681	1,344,768
1862-63	14,867.597,848	677,626,482	48,428,657	2,207,252
1863-64	24,097,196,655	885,719,204	77,984,455	2,866,405
1864-65	26,032,384,341	1,035,765,107	84,796,040	3 373,827
1865-66	28,717,146,914	1,066,135,106	93,541,195	3,472,752
1866-67	28,675,159,472	1,144,963,451	93,101,167	3,717,413
1867-68	28,484,288,636	1,125,455,236	92,182,163	3,642,249
1868-69	27,407,028,986	1,120,318,307	121,451,392	3,637,307
1869-70	27,804,539,405	1,036,484,821	90,274,478	3,365,210
1870-71	29,300,986,682	1,209,721,029	95,133,073	3,927,665
1871-72	33,844,369,568	1,213,293,827	105,964,277	3,939,265
1872-73	33,972,773,942	1,152,372,108	111,022,137	3,765,921
1873-74	20,850,681,962	971,231,280	68,139,483	3,173,958
1874-75	23,042,276,853	1,104,346,845	79,326,301	3,608,976
1875-76	19,874,815,360	1,009,533,037	70,349,427	3,288,381
1876-77	20,876,556,936	1,015,256,482	68,447,724	3,328,709

The total capital of the banks in the Clearing House is $68,235,200, against $78,535,200 last year, and $80,435,200 the year previous. The total reduction of capital and surplus for the year is reported at $11,256,200. The total reduction of capital and surplus from October 1st, 1875, to June 22d, 1877, which was the date of the last official report, and included a period of twenty-one months, amounted to $20,091,600. In these figures we see verified the anticipations we have so frequently announced of the mischievous effects of excessive bank taxation.

The number of banks doing business in the City of New York is seventy-five, of which forty-eight are National and twenty-seven are State banks. The total capital of the seventy-five banks is $71,485,200. The surplus is $30,951,400, giving an aggregate of capital and surplus of $102,436,600. Seventeen of these banks do not belong to the Clearing House directly, but clear to various members of the Association.

The following is a list of the Clearing Houses in the United States, with the number of banks they include, and the year in which each Association began business:

CLEARING HOUSES OF THE UNITED STATES.

Established.	*City.*	*State.*	*No. of Banks.*
1853	New York	New York	59
1855	Boston	Massachusetts	51
1858	Philadelphia	Pennsylvania	27
1858	Baltimore	Maryland	20
1858	Cleveland	Ohio	9
1861	Worcester	Massachusetts	9
1865	Chicago	Illinois	25
1865	Pittsburgh	Pennsylvania	18
1866	Cincinnati	Ohio	21
1867	New Haven	Connecticut	10
1868	St. Louis	Missouri	25
1868	Milwaukee	Wisconsin	10
1868	Columbus	Ohio	13
1871	Indianapolis	Indiana	14
1872	New Orleans	Louisiana	14
1873	Kansas City	Missouri	8
1874	St. Paul	Minnesota	8
1876	San Francisco	California	18
1876	Louisville	Kentucky	20
1876	Lowell	Massachusetts	7
1877	St. Joseph	Missouri	6
1877	Syracuse	N. Y.	9
Twenty-two Clearing-Houses			401

To give a comparative view of the magnitude of the transactions at the London Clearing House, we publish the subjoined table in which the pound sterling is computed as equal to five dollars:

TOTAL TRANSACTIONS OF LONDON CLEARING HOUSE, 1867-'77.

	Total for the Year.	*On Fourths of the Month.*	*On Stock Exchange. Account Days.*	*On Consols. Settling Days.*
1867-68	$16,287,055,000	$735,565,000	$2,222,215,000	$661,465,000
1868-69	17,670,195,000	809,305,000	2,753,110,000	711,350,000
1869-70	18,603,115,000	842,615,000	2,973,815,000	744,110,000
1870-71	20,092,320,000	932,858,000	3,179,730,000	845,705,000
1871-72	26,798,610,000	1,148,145,000	4,712,230,000	1,169,215,000
1872-73	30,016,925,000	1,329,825,000	5,162,370,000	1,217,805,000
1873-74	29,967,930,000	1,364,205,000	4,854,725,000	1,300,360,000
1874-75	30,066,495,000	1,279,750,000	5,382,925,000	1,300,690,000
1875-76	27,036,215,000	1,204,035,000	4,812,975,000	1,211,075,000
1876-77	24,365,000,000	1,158,150,000	3,593,965,000	1,118,780,000

THE LOUISIANA BANK ACT OF 1844.

With gold accumulating in the Treasury of the United States and in the New York banks, with the premium on it reduced to two and a half per cent., with great crops of grain and cotton, and the probability of their being needed in Europe at remunerative prices, the return to specie payments within the coming twelvemonth is likely to be a work so easily accomplished, that the advocates of a forced currency will have nothing left to talk about. All the lessons of this closing period of currency inflation are of a nature to make a deep and lasting impression; and there is no other hypothesis upon which they can be accounted for, than that of a general undermining of prosperity and morals caused by that inflation. The malign influences of a bad currency and of a bad banking system upon the past fortunes of the United States are now matters of undisputed history. They fairly justify the assertion of Richard Cobden, that the currency of this country has been a greater national curse than slavery. The false political economy of that system as well as its moral wrong were apparent on the surface; but the subtler poison of a vicious currency and of a bad banking system are not so immediately perceived, and during the periods of simulated prosperity, to which they have given rise, they have always found a numerous body of defenders. This body was never larger nor more blatant than during the last few years; but the irrefragable testimony of events has of late so accumulated against them, that every day witnesses new victories for sound opinions, and a popular reconversion to the belief in hard money which generally prevailed twelve years ago. The processes of bankruptcy and liquidation have emancipated a large part of the army of debtors. So long as they had the hope of saving anything out of the wreck of incumbered properties, they resisted the conviction that the past valuations of these properties was exaggerated and unreal. But when that hope perished, and the wreck was found to be total, they were ready enough to perceive the causes of their disaster, and consoled themselves with the reflection that they were only in part responsible for them. The disasters they share with many of the most intelligent and estimable members of the community; while the system which led to them is one which individually they did very little to create, and were powerless to withstand. For the future, all the interests of the impoverished class (and it constitutes a large and intelligent body) are on the side of cheap

living, sound money, and inflexible values for such savings or profits as they may hereafter be able, by industry and economy, to accumulate.

There is hardly any material injury or moral delinquency which a protracted reign of inconvertible paper money does not bring in its train. The newspapers of to-day teem with illustrations of the truth of this assertion. The frightful wrecking of private fortunes, which has engulfed the worthy and the unworthy alike; the daily announcement of monstrous frauds involving the infamy of hitherto respectable men, and the ruin of innocent and unsuspecting families; the melting away of great corporate properties, which if not honey-combed by fraud have been rendered worthless by expenditures which, when made, were justified by the sentiment of the times; the failure of Savings banks from causes due in many instances to no other than the natural shrinkage of values; all these are the fruits of a forced and redundant currency. They are not the necessary outgrowth of the war, though sometimes imputed to it. War implies destruction, waste, and lessened production, and there naturally follow it straightened circumstances and public and personal economy. France and the French people are now showing to the world these natural fruits of war when it is not accompanied by the debauchery of a false currency, and is exempt from the speculations to which it gives rise. Although the United States had no war fine of a thousand millions of dollars to pay to a victorious foreign power, the war penalty which it has had to bear was no less real in fact, precisely the same in kind, and largely greater in amount, than that so courageously paid by the French nation.

That penalty did not, however, bring with it the pain of immediate suffering. It did not lead to economy either in public expenditure or in private living; on the contrary, the advent of peace launched us into a career of extravagance and speculation such as the country had never known before. The stability of the government and the great resources of the country had been established in the eyes of foreigners, who had real money to part with—at a price. They had speculated profitably in the national loans, and were now as greedy to lend on other securities as our countrymen were to borrow. Then began the memorable era of voluntary debt-making. The national debt had not been voluntary. However ruinous the conditions of their issue, the national obligations were the necessary prices of victory and of peace. But the debts which followed,—the railway debt, the municipal debt and the still more burdensome, since more widely distributed, private debts, were the outgrowth of speculation, of public and personal extravagance, and of luxurious living. The same thing had been witnessed at earlier periods of our national history. The paper fortunes reared upon the land

speculations and the bank inflations of 1830–36, brought the same excesses with them.

Gouge's Journal of Banking, published in 1841–2, is full of accounts of frauds, embezzlements and malversations in office, such as appal us in journals of the present time.

The crisis of 1837 stands conspicuous among the periodical cyclones which have devastated the United States. In 1830 there were only 329 banks in the country, with a capital of 110 millions. By the first of January, 1837, they had increased to 788 (including branches), with a paid up capital of 290 millions.* "In 1830 there were no local banks in operation in the States of Kentucky, Indiana, Illinois, Missouri, or Arkansas, only one in Tennessee, one in Mississippi, two in Alabama, four in Louisiana, eleven in Ohio, and one in Michigan. In all the Western and South-Western States there were, in 1830, only eighteen banks, with capital amounting to $9,462,268. By the first of January, 1837, the number of banks in these States was increased to 161, including branches, with paid-up capitals of the amount of $88,699,974." The real business of the country had, in the interval, experienced no such development. The excess of loanable capital, especially as it was exaggerated by the unlimited issues of paper money, produced its usual consequences. The banks became loaded down with worthless paper, created out of illegitimate undertakings, and fortified only with "wild-cat" securities. This cheaply constructed edifice would soon have crumbled of its own weight, but its downfall was precipitated by the action of the Federal government in transferring the deposits, made by it in certain State banks, on account of the surplus revenue, to other institutions or to the several States of the Union. All the banks of the country, accordingly, suspended specie payments in May, 1837. A year later, those of New York and New England resumed, and a nominal resumption gradually followed throughout the Union before the close of the year 1838. Late in 1839 the Philadelphia banks suspended a second time, and were followed by nearly all those south and west of that city. A partial resumption took place in some States in 1840, but most of the Southern banks remained suspended for two years longer.

The bank of New Orleans did not attempt resumption until 1842, and then only in consequence of imperative legislation. The importance of New Orleans as the shipping port of the large territory drained by the Mississippi and its tributaries was, at that time, far greater than it has been since the creation of the railway system, by which a large part of the agricultural production of the West has been diverted to the Atlantic cities. In 1843 it shipped more than one-third of the domestic products then exported from the United States. More than fifty millions worth of such products from the

* See Mr. Secretary Guthrie's Report on the Finances, 1855.

Mississippi valley annually sought this outlet to the sea. It was thus the centre of a great Northern and foreign trade, and had attracted a large foreign capital with which to carry it on. The entire banking capital of New Orleans in 1830, was only $4,665,000: in 1841 it had risen to $41,711,000; of the latter amount fully one-half had been got in Europe, and at least two-thirds of the whole was owned out of Louisiana; while, in the period mentioned the bank capital had thus increased ten-fold, the trade of the city had only increased about fifty per cent. There was but one outlet to such an excess of loanable capital—it must be used in speculation. The great staple then, as now, of the New Orleans market was cotton, and under the influences of an excess of money the price of cotton rose largely, and, by a strange anomaly, ruled higher for several years at New Orleans, the port of shipment, than at Liverpool, the principal market of consumption. Such being the fact, the trade was, for a long time, conducted at a loss, and these losses fell upon the banks, and locked up their available means. The excess of capital, as must always be the case under such circumstances, was gradually absorbed and obliterated by the speculation which it had engendered. In the language of a writer of that period, "all the capital which, during the undue excitement of the years subsequent to 1832, was drawn into banking by the operation of speculation in raising prices and creating an extraordinary demand for money, had, in the general fall of property, ceased to exist, leaving, however, active as much capital as was necessary for the transaction of business."

The general resumption of specie payments by the New Orleans banks took place in May, 1842, in consequence of the passage of a law by the Legislature of Louisiana, in February of that year, which made such a resumption the condition of renewing their charters, which had been legally forfeited by the act of suspension. Certain of the banks failed to comply with the law, and went into liquidation; but the remainder succeeded, not without difficulty, in meeting its stringent provisions. The date of resumption was at first fixed for the 30th of September, but by a later statute was postponed to the first Tuesday of December. The time was, however, anticipated by the solvent banks by about six months, as already stated.

The "*Act to revive the charters of the several banks located in the city of New Orleans and for other purposes*," passed on the 5th of February, 1842, will always remain among the most enlightened pieces of banking legislation to be found on the statute books of any country. Its principal provisions were as follows: The forfeited charters were revived upon condition that "said banks shall, each for itself, and immediately after the passage of this Act, prepare for a general resump-

tion of specie-payments, by strictly observing and adhering to the following rules, *which are hereby declared to be fundamental.*"

1. Each bank shall separate its loans on capital paid in from its loan on deposits; the loans on capital to be composed of accommodations on personal security, or on mortgage, loans on stock by the property banks, and of all other investments of whatever nature not realizable in ninety days."

"The loans on deposits and specie, representing the paper money issued by the banks, shall be restricted to paper payable in full at maturity, and such paper shall form a component part of the specie basis intended to meet the circulation and deposits, and shall be restricted to ninety days, so as to effectually insure a rapid movement of the daily receipts."

"The loans and investments on the capital shall be denominated the '*dead-weight.*'"

"The loans on deposits shall be denominated the '*movement of the banks.*'"

2. "No bank shall increase the investment in its '*dead-weight,*' so long as the whole of its cash liabilities shall not be represented by one-third of the amount of such responsibilities in specie and at least two-thirds in satisfactory paper, payable in full at maturity, and within ninety days; and each and every director shall be personally responsible for all loans and investments made in contravention of this rule, unless he shall show that he has voted against the same, if present."

3. "That the account of the maker or endorser of any note, or acceptor of any bill of exchange offered and discounted as paper strictly payable at maturity, who shall apply for a renewal of said paper, or for an extension of time, shall be closed in the bank where such transaction shall have originated, and notice thereof shall be immediately given by such bank to the other banks."

4. "That every party to commercial paper who shall suffer such paper to be protested, and if a drawer of a bill of exchange, or indorser of a promissory note or bill, shall suffer it to remain unpaid during ten days, without any legal cause, shall be considered *de facto* discredited, and the fact shall be notified to the Board of Currency and the other banks, and no discount shall be afterwards allowed him, as drawer or acceptor, until he has paid up the full amount."

5. "That all paper offered for discount and having no more than ninety days to run shall be considered *de facto* as payable in full at maturity."

A Board of Currency was created to be annually appointed by the Governor, and to consist of three citizens of the United States and of Louisiana, who had resided in the

State four consecutive years. No bank director, partner of any director, or of any officer of a bank, and no money-broker was eligible to the Board. They were required to examine the affairs of the banks quarterly, and oftener if they deemed it expedient. The banks were required to make a weekly statement of their condition, in a specified form, and these statements were to be published monthly in the State paper. The Board of Currency had the right to summon meetings of the stockholders whenever they deemed it expedient, and to call such meetings prior to each annual meeting, and to lay before them full reports of the operations of the bank during the year, and its real situation. They were also required to make annual reports to the Legislature.

Among the other provisions of the law of a permanent nature were the following: Section 12 provided that, after thirty days from the promulgation of the law, it should not be lawful for any bank to pay over its counter any notes except its own;* on each Saturday the banks were required to settle their respective balances with each other in specie, and on the morning of each day to exchange between themselves their respective notes—all on penalty of being put into immediate liquidation. Section 20 provided that, after the passage of the Act, no bank shall issue any note of a less denomination than five dollars. Section 22 provides that the capital stock of no bank should be held by less than fifty persons, owning at least thirty shares each. Section 24 prohibited banks from purchasing their own stock, and Section 26 prohibited them from buying, selling, bartering or trading for cotton, sugar or any other produce, and from buying the stock of any incorporated company.

The peculiar features of this law are (1) its distinguishing between the use which might be made of the proprietor's capital and of the capital borrowed from the public by means of circulation and deposits; and (2) the obligation imposed on the banks to keep their liabilities to the public constantly protected by a fund consisting of one-third specie and two-thirds bills receivable, having not more than ninety days to run, and absolutely payable at maturity. The best practical philosophy of banking, and the best results of experience in the business are embodied in the latter provisions. If any part of the system is open to criticism, it is that which allows any portion of the capital to be loaned on mortgage. In the light of recent events, this will be regarded as inexpedient if not wholly inadmissible. But in principle the capital of a bank is only a guaranty fund to protect the

*This excellent provision was also a feature of the Massachusetts banking law, and an essential element of the Suffolk Bank system. Being prohibited from buying out any notes but their own the bank sent all other notes to the Suffolk Bank for redemption. Thus, a forced circulation by any institution was restrained, and so far as the redemption of the notes was concerned, its solvency was subjected to a daily test.

public against ultimate losses in dealing with it. It is, under our National banking law, practically locked up in Government bonds, and this is the appropriation of it now permitted by most modern banking statutes. The whole capital of the Bank of England is loaned to government, and more than the whole is invested in government securities; more than three times the capital of the Bank of France is loaned or invested in the same manner.* These illustrations show that in the best modern practice, the proprietors' capital is not invested in current loans. On the contrary, it is understood that all the movable funds come from the public and belong to the public, the bank making its profit in handling them. When the law of Louisiana was passed, the United States had no considerable funded debt, and the debts of the States were in bad repute. There was, therefore, no class of public securities in which bank capital could be invested. Nor did there exist at that time, or since, in New Orleans, any savings banks, or trust companies, such as, in Northern cities, absorb the best class of mortgages. Banks represented, there, the whole class of moneyed corporations, which at the North now control so large a part of loanable capital.

The chief excellences of the Louisiana statute are, however, included in the second of our subdivisions. By requiring one-third of all liabilities to the public to be kept in specie, and the residue in short-discounted paper, it made it almost impossible for a bank to fail. Circulation and deposits are the usable money of a community, and nothing but want of confidence in the banks can ever contract them below a certain point. The theory of Lord Overstone, on which the English Bank Act of 1844 is founded, was that the circulation of Great Britain could not, under any possible circumstances, go below fourteen millions sterling in Bank of England notes, being the amount of the proprietors' capital, and that as all above that amount was to be coin, or the representative of coin, the whole circulation was effectually metallic. As early as 1834, when the charter of the Bank of England was last renewed, prior to the passage of the act of 1844, the bank had adopted the practical rule of keeping one-third of its liabilities to the public on hand in specie. The framers of the Louisiana statute doubtless had this precedent in mind when they drew it up. They were the first, so far as we are aware, to put this practical rule of sound banking under the sanction of law, and subject to its penalties. Considering the previous banking experience of this country, and the general prevalence of false notions respecting money which then prevailed in all parts of the United States, the advance made by this law towards sound

* The capital of the Bank of France is 182,500,000 francs. Its Government loan, unde different heads, now amounts to 562,700.000 francs.

principles was very great. Not only was it the first law passed in the United States requiring banks to keep a certain reserve of specie, but it was (though after a long interval) the direct parent of those which have since followed it. It was not until 1858 that the specie reserve law of Massachusetts, the next in order of such laws, was passed. The author of that law was Samuel Hooper, then a leading merchant of Boston, and a member of the State Senate, and chairman of its Bank Committee. He was ably seconded by Amasa Walker, the veteran political economist, then a member of the House, and of the same committee. Other members of the Legislature probably did more to accomplish the passage of the act than either of the gentlemen mentioned, but the honor of devising it belongs to Mr. Hooper. He had, a short time before, published a pamphlet on "Money," in which the Louisiana Bank Act was especially commended. Though a director of the largest bank in that city, his views were not shared by the great body of Boston bankers. They were generally of the old Whig party, and regarded Mr. Hooper as a theorist, dangerously tainted with the Democratic nonsense about hard money. But the time was propitious, the crisis of 1857 having just swept over the country, and the conservative good sense of the banking interest then represented in the Legislature prevailed, and the law was passed. The provisions requiring a reserve of lawful money was copied into the National Bank Act almost *verbatim* from the Massachusetts law. Mr. Hooper was then a member of Congress, and took an active part in shaping the National statute. Neither this nor the Massachusetts law met the full requirements of the situation, inasmuch as the reserve required to be kept is much less than that fixed by the Louisiana Act of 1842. The Massachusetts law required a specie reserve of only fifteen per cent. (a compromise from the twenty per cent. first proposed) while the National act required twenty-five, and twenty per cent. for the redemption cities and other localities respectively. In both cases the country banks were allowed to count city balances as a part of their reserve. In Massachusetts, under the law of 1858, the payment of interest on such balances was prohibited in order to keep them down to the point of actual necessity; but this salutary check was repealed in the following year. Interest on specie balances has never been prohibited by the National Bank Act. As that law now stands, the reserve required on circulation is only five per cent., to be kept in the Treasury of the United States. This reduction was made under the idea that National bank notes would not be presented for redemption to any considerable extent, and that, therefore, the reserve originally required was unnecessarily large. But the question has never yet been fairly tested. The movements of a redeemable currency are very different from those of an

irredeemable one. Under a good system the surplus of the former returns speedily to the issuer; while that of the latter becomes inert and gravitates towards the money centres. The one is as fresh as running water, the other settles in pools and stagnates like the waters of a retiring flood. The mere *security* of the currency is something quite apart from its *redemption*. The best secured currency has its ebbs and flows, and the issuing banker must regulate his business so as always to be in a position to respond to the natural currents. It is of no consequence what the statute law requires in determining the rules of sound banking. Some of the best regulated systems have been established without law, as for example that of the Bank of France, which is under no restraint, either as to the amount of notes it may issue or as to the specie reserve it shall maintain. It remains to be seen how American bankers will act under the national system after specie payments are resumed. They cannot establish any new laws of business and they cannot safely defy or disregard the old. There is no safer guide for practical banking than the statute of Louisiana, of which we have now given an account. The only certainty of being able to pay specie on demand is to have specie, and the early means of getting it to the full extent of liability to the public. No conceivable drain will exhaust a bank's means which starts with 33⅓ per cent. of specie in hand and holds the balance of its liabilities in paper, having not more than ninety days to run, and absolutely payable when due.

The best security for the payment of such paper is not the debtor's promise nor his honest intention to pay it, it is the fact that it represents merchandise sold, on a credit which expires with the maturity of the paper.

We have been at pains to enquire of old bank officers in New Orleans as to the authorship of the law of 1842, and as to its practical working; whether, in fact, its stringent provisions were maintained and whether any set of bank officers had the nerve to enforce those provisions against their customers. We are informed that the gentleman most influential in framing the act of 1842 was Edward J. Forristall, of New Orleans, for many years the agent of Baring Brothers & Co., of London. His sons are understood to be still the agents of that very eminent house. The father died in 1873, at the age of eighty. We are assured that the provisions of the law were strictly carried out; that any renewal of three months' paper was regarded as equivalent to protest, and the maker of it publicly dishonored; that the reserve of specie and the proportion of short paper were rigidly adhered to, and that where the specie fell below 33⅓ per cent. discounting was stopped until the deficiency was made good. These practices continued till the civil war (although the crisis of 1857

caused a general suspension of specie payments by banks in other parts of the United States), and until the Confederate government required the banks of New Orleans to send their specie into the interior to prevent its falling into Federal hands. The bulk of the specie thus sent went to Columbus, Georgia, and Montgomery, Alabama, and amounted to about $5,300,000. Two of the banks buried an amount equal to four and a half millions, and another sent $800,000 up the Red River for safety. When General Butler got possession of New Orleans he persuaded the banks to bring their specie back and they endeavored to do so, but the Confederate government would not consent to send the portion under their control within the Federal lines. The Secretary of the Confederate Treasury gave his receipt for it, and it was for a long time sacredly kept; at last, however, the exigencies of the war led to its being used and the banks lost it altogether. The specie buried and that sent up the Red River was, however, brought back to New Orleans by the institutions to which it belonged.

EARLY BANKING DEVELOPMENT IN THE UNITED STATES.

In the interesting discussions lately begun as to the functions of the banks in restoring our finances to the specie basis, thoughtful men are often reminded that the early banking and monetary development of the United States is worthy of more investigation than it has received. In the report of the Comptroller of the Currency for last year are some of the most interesting details on this subject which have of late been officially published. Of these statements we have on several occasions given historical elucidations from various sources. A few additional facts are now added on the same subject. It will strike some of our readers as singular that, notwithstanding the necessities of commerce and the growth of traffic, prior to the middle of the seventeenth century no coins were struck in this country. In the year 1652 a mint was established at Boston which went on coining "pine tree" coins for over thirty years, although as the mint was illegal, its coins were all dated 1652 to conceal the continuance of its operations. The charge for coinage was too high, and the English Parliament passed a law in 1663 declaring the importation and exportation of coin free, and the law of 1666 having abolished all charge for coining, the Massachusetts mint law served to drive the precious metal away. The colony coins were called shillings like the English coins, but they were twenty-five per cent. below the sterling piece of the

same denomination. Hence, the ounce of silver cost six shillings and eight pence in New England currency. This became the standard, but, the colony currency being still legal, those English silver coins which were not exported were clipped, and a severe penalty was enacted against such exportation. In 1794 a proclamation of Queen Anne fixed the rates of Spanish and other foreign coins for the colonies. The Spanish dollar, or piece of eight, was rated at four shillings and sixpence; so that sterling money was changed into dollars at two-ninths of a dollar for a shilling, or 4.44 dollars for a pound sterling, which remained the "par" until the recent law which went into operation January 1, 1874, changing the legal par to 4.86. The depreciation of New England currency being twenty-five per cent., it follows that £1 in New England currency was worth only $3.33 in specie, instead of $4.44. We may also state that a Spanish dollar, or piece of eight, was worth in New England currency six shillings.

In 1766, a bank was proposed in Massachusetts. In 1790 paper notes were first issued by that colony to pay for an expedition against Canada. The issue was small at first, and cancelled year by year. In 1794 the redemption was postponed two years, and afterwards issues were made to pay the expenses of government, and even to make loans on mortgage. There were several financial panics in Massachusetts in the eighteenth century, notably in 1715, 1720, 1727, 1733, 1741 and 1749. Rhode Island, Connecticut, New York and New Jersey, first issued bills in 1709 for the second expedition to Canada. In 1714 New York issued £27,680 in bills of credit. Pennsylvania first issued paper in 1723. Franklin favored more issues and wrote in support of them. Maryland issued bills in 1734, to be redeemed in sterling in three payments, at fifteen, thirty, and forty-five years. These payments being discounted exchange rose to 250. In Virginia, John Law's theory of merchandise money was for a time accepted, and tobacco warehouse receipts were used as currency until 1755, when the paper money policy was adopted and was soon carried to great excesses. North Carolina was not a very rich colony, and her currency was greatly depreciated, although the whole issues were not over £52,500 in 1740. Finally merchandise legal tenders were issued by South Carolina for war purposes in 1702, rice being a barter medium.

The only paper money issues which were ever followed by normal resumption were those of Massachusetts. In 1745, the New England colonies made an expedition against Cape Breton, and took Louisbourg. The issues of currency to pay for this rose to $2,466,712 nominal value, in Massachusetts alone. Cape Breton was ransomed and Massachusetts imported her share of the ransom in silver and copper,

redeemed her notes at eleven for one, and established a specie currency of silver. The British Parliament in 1757 forbade the issue of legal-tender non-interest bearing notes for New England, at the petition of Massachusetts. The same prohibition was extended in 1764 to all the colonies. Gold circulated by weight, not being legal-tender until 1762, when a law was passed in Massachusetts making it legal-tender at two and a half pence silver per grain. This was five per cent. more than its market value. Paper issues within the act of Parliament continued to be made in the older colonies, and in 1775, when the representatives of the New England colonies met to prepare for war, Massachusetts agreed to allow their bills to circulate in her territory, because they had nothing else.

The first Continental Congress met at Philadelphia, September 5th, 1774. After December, 1774, it was decided that nothing was to be imported from any part of the British Empire; and after September, 1775, nothing was to be exported thither. Notwithstanding this law however, English goods were needed for the army, and came by way of the European continent and the West Indies; and lumber and tobacco went out the same way.

The second Congress, May 10th, 1775, had no power to tax and therefore no power to borrow. The New York representation proposed the issue of bills of credit of the old kind to be redeemed by taxes, and this plan was adopted. The first issue was ordered June 23d., 1775, and consisted of promises to pay 2,000,000 Spanish dollars. The aggregate was apportioned among the colonies on an estimate of population, and each colony was to redeem its assigned aggregate by taxation. Rhode Island, Massachusetts and New Hampshire alone did this entirely; New York, Pennsylvania, New Jersey, Maryland and Virginia did so in part. The issues went on, however, and in January, 1777, the depreciation began, although it was not admitted by Congress until the following September. Throughout the year 1777 various expedients of coercion were set in operation by public officers and private committees to enforce the legal tender character of the bills and to keep down prices. In September, 1779, the issues were $160,000,000, and Congress promised that they should not exceed $200,000,000. The depreciation was twenty-eight for one. In March, 1780, at sixty-five for one, Congress recognized a depreciation of forty for one, and recommended the repeal of all tender laws, and issued six per cent. notes. The Treasury made a report to Congress in 1828, in which the estimated issues are set down at $241,000,000 of the first tenor. Jefferson's estimate is $200,000,000, and he says the specie value of the whole issue was $36,000,000. He estimated the cost of the war at $140,000,000. Another statement from a Treasury report of

1790 gives $357,400,000 old tenor and $2,000,000 new tenor. These were partly re-issues. The same report estimates the cost of the war at $135,100,000 in specie. In fact, as John Adams observed at a later period, the financial statistics of the American Revolution, as of most other revolutions both of earlier and later date, are "lost beyond recovery." The currency went on depreciating, being really only negotiable paper till the spring of 1781, when Robert Morris took charge of the finances on condition that he should conduct them in specie. Then the notes became uncurrent. Part of the issues were redeemed at one hundred for one in Hamilton's funding scheme. After the paper money had exhausted the patience and the reserves of the people Congress had to collect taxes in kind to supply the army. The miseries of this darkest period of the war were enhanced by the failure of the crops in 1779 and 1780. But French money and French credit rendered greater aid to independence than the French fleets and armies. Morris had to carry on the war by loans from France, Holland and Spain, which were obtained on French credit. Specie brought by the French and English came into circulation as soon as the paper became uncurrent, and trade with the English was not vigorously suppressed because specie was obtained by it. In 1780, a company in Philadelphia took Government bills of exchange and issued notes to purchase supplies for the army. These capitalists, on December 31st, 1781, were incorporated by resolution of Congress, as the Bank of North America, Congress having fully organized November 1st, under the articles of confederation. In conformity with the recommendations of Congress, the bank obtained a charter from Pennsylvania, with a monopoly, April 1st, 1782, and from New York ten days afterward. This was the first bank that issued convertible notes in the United States. The institution rendered great services as a fiscal agent of the Government, and was, on the whole, successful in its operations.

For many reasons it is important to observe that the grant of power to the Bank of North America by the ordinance of Congress, and by the act of the Legislature of Pennsylvania, to hold and convey real and personal estate, was in nearly the same words as the grant to the bank of England in the charter of 1694. But both the ordinance of Congress and the Pennsylvania act of 1782 omitted the prohibitions and restrictions carefully inserted in the English charter of the Bank of England of 1694, and found also in the charters of the Bank of Scotland, the Bank of France and the Bank of Ireland.

In 1785, numerous petitions were sent to the Legislature of Pennsylvania, praying that body to take away the charter which had been granted to the Bank of North America.

These petitions represented that the bank had pro-

duced mischievous consequences to the fair trader, and had destroyed that equality which ought to exist in a commercial community. They were referred to a committee, who reported that the prayer of the petitioners ought to be granted, and accompanied their report with an act to repeal the act of April 1, 1782, chartering the bank. The immediate adjournment of the Legislature prevented action on the report. During the vacation, in the summer of 1785, the Legislature again met, when eminent counsel were heard at the bar of the House for and against the bank. The excitement in the State was so intense and widely extended that the Legislature could not resist its influence; and in September, 1785, the Pennsylvania charter of this bank was repealed by a large majority. The Bank of North America, after the repeal of the Pennsylvania charter, still carried on its business, claiming its right to do so, under the ordinance of the Continental Congress. It, however, in March, 1787, obtained a new charter from the State of Pennsylvania; and its existence has been continued by successive acts of corporation, without interruption to the present day.

But the Legislature of Pennsylvania, in the second charter, entitled, "an act to revive the incorporation of the Bank of North America," was careful to omit the monopoly clause and to insert the restrictions and prohibitions contained in the charter of the bank of England, and nearly in the same words. Established at Philadelphia, the Bank of North America became, in some particulars, the model of the two subsequent National banks under the present constitution of the United States.

February 25, 1791, the first bank of the United States was incorporated by Congress, with a capital of £10,000,000. Three-fourths of this capital were to be payable in the public debt of the United States, and the act of incorporation recites as follows: "*Whereas*, It is conceived that the establishment of a bank for the United States, upon a foundation sufficiently extensive to answer the purposes intended thereby, and at the same time upon principles which offered adequate security for an upright and prudent administration thereof, will be very conducive to the successful conducting of the National finances; will tend to give facility to the obtaining of loans for the use of the Government in sudden emergencies; and will be productive of considerable advantages to trade and industry in general."

Instead of being a merely commercial establishment, this bank was essentially of a financial and political character, and it was mainly on this ground that its constitutionality was defended. The Bank of England originated in a loan to the British Government of $1,500,000 towards the carrying on the war which it was then waging with France. And the first bank of the United States had a similar origin; for its

charter provided that the sums subscribed by individuals and corporations should be payable "one-fourth in gold and silver, and three-fourths in the public debt" of the United States. Notwithstanding the design and scope of the first bank of the United States, as indicated in the preamble to the act of incorporation, and in the fact that three-fourth parts of its entire capital were payable in the public debt—yet, by its charter, it was expressly prohibited from making any loan to the Government of the United States exceeding $ 100,000 or to any State exceeding $ 50,000, or to any foreign prince or State, unless previously authorized by a law of the United States; and it was also prohibited from "purchasing any public debt whatsoever," and from "directly or indirectly dealing or trading in anything except bills of exchange, gold and silver bullion, and goods really and truly pledged for money lent, and not redeemed in due time, &c."

March 21, 1791, one month after the Bank of the United States was chartered by Congress, the Legislature of New York State passed an act entitled, "an act to incorporate the stockholders of the Bank of New York." This was the first bank charter granted in this State after the act incorporating the Bank of North America. The charter of the Bank of New York was substantially the model upon which all the bank charters granted in this State were framed, prior to the year 1825, when the form of these acts were changed and new and more stringent prohibitions and restrictions were enacted by the Legislature, as will be more fully shown in a future article.

These acts of incorporation, after reciting, that "*Whereas*, certain persons associated as a company, under the style of President, Director, and Company of the Bank of New York (or Bank of Albany), by their petition presented to the Legislature, have prayed for the privilege of being incorporated, the better to enable them to carry on the business of their institutions," proceed to enact that the petitioners, &c., be a body corporate and politic by a certain name; that by such name they and their successors should have suscession for a fixed period of years, capable of suing, being sued, &c.; that by such name they and their successors should be legally capable of purchasing and conveying any estate, real or personal, for the use of the corporation; that the real estate be limited to the quantity needed for the immediate accommodation of the bank, together with such as should be mortgaged to it by way of security, or conveyed to it in satisfaction of debts previously contracted; that all bills or notes issued by order of the corporation and promising payment of money to any person, or to bearer, should be as binding upon said corporation, and as really assignable and negotiable as if they had been issued by a private person;

that the total amount of debts, over and above the moneys actually deposited in the vaults of the bank, should not exceed three times the capital actually paid in. The capital stock was fixed at a definite sum ; the location of the bank was designated, and all the operations of discount and deposit were to be carried on in that place, and not elsewhere. The number of directors was fixed and the mode of election prescribed. These charters contained the following prohibition against trading: "The said corporation shall not directly or indirectly deal or trade in buying or selling any goods, wares, or merchandise, or commodities whatsoever—or in buying or selling any stock created under any act of the Congress of the United States, or of any particular State, unless in selling the same, when truly pledged to it by way of security, for debts due to the said corporation."

None of the bank charters, prior to 1825, contained any specification of banking powers. The Legislature, from 1791 to 1825, seemed to rely solely upon prohibitory and restrictive clauses inserted in each charter—upon a declaration that dealing or trading in State stocks, goods, wares, and merchandise, was not banking—and that the power thus to trade or deal was not necessary to carry on that business. Only seven banks had been incorporated by this State prior to 1804. Until that year, the right of banking was a common-law right belonging to individuals, and to be exercised at their pleasure. The Legislature had authority to regulate or restrain this right. This was done by restraining acts to be hereafter mentioned. After the first restraining law, banking became a franchise derived from a grant of the Legislature, and subsisting in those only who could produce the grant.

INDEBTEDNESS OF THE NEW YORK AND OTHER MUNICIPALITIES.

If we except the questions of resumption and of refunding the National debt, there are but few subjects which surpass in their intrinsic importance or in their hold on the public mind that of municipal debts. In this city an impetus has been given to these discussions by the fact that a new issue of $4,741,400 of New York City bonds has just been resolved upon to redeem old bonds which mature this month for street opening and other improvements. The principal and interest of these bonds may perhaps be ultimately paid by the assessments which they represent; but an uneasy feeling is abroad that the debt of this city, notwithstanding the late reforms of administration, is still being permanently augmented, and that some new check should, if possible, be devised to prevent all further increase. In

these facts we have a new reason to expect that the constitutional amendments which are to come before the State Legislature to be chosen this month will be finally adopted. One of these amendments forbids any municipality first from giving or loaning its credit to any individual or corporation; secondly, from becoming owner of stock or bonds in any corporation; and thirdly, from incurring any indebtedness except for municipal purposes. The amendment also provides that no city or county shall in any manner or for any purpose become indebted, including existing debt, to an amount exceeding five per cent. of its last assessed real estate valuation, and that all indebtedness in excess of such limitation (except such as now exists) shall be void. Finally it declares that no city or county whose present debt exceeds the appointed limit of five per cent. shall contract any further debt, except such as is provided for and paid by current tax levies or under special legislative authority, and this debt must be temporary, for not more than five years, and at the rate of not more than one dollar per capita of the city population. No law is hereafter to be passed to authorize the creating of any debt by counties or cities unless such law makes the debt re-payable in not more than twenty annual instalments immediately following, and provides for the necessary taxation, and all these provisions are to be irrepealable. It will be seen that at present the permanent debt of New York City, exclusive of the temporary obligations, is more than double the proportion allowed for the future by these very salutary and much-needed improvements in the organic law of the State. The subjoined table gives the official report of the city debt on the 31st December of several years since 1870, with the amount held in the Sinking Fund for redemption of the city debt:

BONDED AND TEMPORARY DEBT OF NEW YORK CITY, 1870–1876.

	1870.	1872.	1874.	1875.	1876.
	$	$	$	$	$
Funded Debt........	68,998,146 51	93,773,659 97	118,241,557 24	119,056,903 54	119,631,313 28
Deduct Sinking Fund.	18,115,894 49	23,348,074 89	26,823,788 01	27,748,307 30	28,296,247 40
Net Funded Debt....	50,882,252 02	70,425,585 08	90,417,769 23	91,308,596 24	91,335,065 88
Temporary Debt......	10,525,100 00	16,927,372 30	20,851,000 00	21,322,200 00	22,371,400 00
" Revenue Bonds	11,966,200 00	8,114,197 55	2,711,200 76	4,142,927 85	6,104,844 51
Total Debt.........	73,373,552 02	95,467,154 93	114,979,969 99	116,773,724 09	109,811,310 39

NOTE.—On December 31, 1876, the bonded indebtedness assumed by the City of New York under the act of annexation of a part of Westchester County was about $1,250,000, and the sum of $79,910.46 has been paid on this account during the present year.

At the beginning of the present year, 1877, the debt of the city was $119,811,310.39. The total amount of the tax levy ordered for the year 1877 is $29,178,940.47, which requires a rate of taxation of 2.65 per cent. upon the amount of taxable property. In addition to this, there is also appropriated out of the general resources of the city, receivable in 1877 from other sources than taxation, the sum of $2,500,000, which

makes the amount of estimated expenditure $31,678,940. Of this vast sum the ordinary annual expenditure absorbs nearly seventeen millions, as is shown in the following table:

Whole amount appropriated		$31,678,940 00
Deduct State taxes	$2,658,900 00	
Deduct interest on debt with instalment of principal	9,176,501 73	
Deduct for redemption of special parts of debt	1,545,467 78	
Deduct for State school tax	1,503,000 00	
		14,883,869 51
Amounts applicable to annual expenditure		$16,795,070 49

The City Chamberlain states that the assets of the city held against its funded and temporary debt amount to thirty-two millions of dollars. Of this sum fourteen millions consist of assessment bonds, eight millions consist of real estate taxes in arrears, which are certain to be sooner or later paid, and ten millions is the appraised value of property which is not needed by the city, and which is for sale. On the other side there are five millions of unsettled and disputed claims against the city. If all these sums which are in litigation should be decided adversely to the city, there would still be twenty-seven millions of assets against 119 millions of indebtedness. Thus the amount of the debt of the city of New York, instead of being 119 millions, would be reduced to ninety-two millions. In regard to the estimated value of the real and personal estate of the city subject to taxation, the latest reports state it at $1,101,092,093. As above stated the rate of taxation for 1877–8 is 2.65 per cent. For the previous year the tax rate was 2.80, and the amount realized from taxation was $31,109,521.60. The value of taxable property was $9,821,101 greater in 1876 than in 1877. Real estate increased in value during the year by $2,776,918, while personal estate suffered a shrinkage of $12,598,019. At the recent Bankers' Convention, Mr. Buell gave the following estimate of the present condition of the debt of the city of New York:

ESTIMATED PRESENT CONDITION OF THE INDEBTEDNESS OF THE CITY OF NEW YORK.

Apparent debt		$119,811,310
Assets:		
Assessment bonds, good beyond doubt	$14,000,000	
Real estate taxes in arrears	8,000,000	
Property for sale, not needed by city	10,000,000	
		32,000,000
		$87,811,310
Unsettled and disputed claims against the city		5,000,000
		$92,811,310

As to aggregate municipal debts throughout the country the subjoined interesting statistics are given:

MUNICIPAL DEBTS IN THE UNITED STATES.

	20 Cities with 100,000 and upwards.	*17 Cities with 40,000 to 100,000.*	*37 Cities with 20,000 to 40,000.*	*Total. 74 Cities.*	*56 Cities below 20,000.*	*Total. 130 Cities.*
Population, 1876.	6,003,950	955,544	1,024,554	7,984,048	592,201	8,576,249
" 1866.	4,067,469	663,045	725,192	5,455,706	464,208	5,919,914
	$	$	$	$	$	$
Total Debt, 1876.	453,247,352	45,821,912	54,728,056	553,797,320	51,035,096	604,832,416
" 1866.	163,992,996	15,860,750	21,209,430	201,063,176	20,248,833	221,312,009
Valuation, 1876.	4,573,905,305	654,201,629	566,032,000	5,794,138,934	380,943,224	6,175,082,158
" 1866.	2,653,808,708	303,276,019	297,459,091	3,254,543,818	197,075,563	3,451,615,381
Ann'l Tax, 1876.	87,357,102	10,022,388	9,072,082	106,451,572	6,259,703	112,711,275
" 1866.	50,425,344	5,120,477	5,319,767	60,865,588	3,194,510	64,060,098

It thus appears that twenty cities in the United States exceeding one hundred thousand inhabitants have an aggregate population of 6,003,950, against 4,067,469 in 1866. These great centers of industry have rapidly sprung up and they take up the trade of the Atlantic and Pacific Oceans, of the Gulf and Lake Coasts, of the great interior rivers of the Continent, and of thousands of miles of railway. The municipal debts of these twenty cities amount to $453,247,352, against $163,992,996 in 1866. These debts now reach an amount which, prior to our war experience, would have been considered an almost insupportable burden for the nation. The City of New York, as is shown in detail above, presents a debt nearly one-third as great as the whole municipal indebtedness of the group of cities containing over six millions of inhabitants. The class of cities having each a population exceeding forty thousand and less than one hundred thousand are seventeen in number, having an aggregate of 955,544 inhabitants, against 663,045 in 1866. Their total debts amount to $45,821,912, against $15,860,750 in 1866, showing an almost three-fold increase. Of the next class of cities, having each a population exceeding twenty thousand and less than forty thousand, there are in all thirty-seven in the United States, with a total population of 1,024,554. Their total debts are $54,728,056, against $21,209,430. As to the group below twenty thousand, we have a list comprising fifty-six of the most important cities and towns, which have five thousand inhabitants or more, whose aggregate population amounts to 592,201, against 464,208 in 1866. Their aggregate debt is $51,035,096, against $20,248,833 in 1866. If we take the aggregate of these four groups together, they present a table of the chief cities and towns of the United States having over five thousand inhabitants each; comprising in all one hundred and thirty, with an aggregate population of 8,576,249 and a total municipal debt of about $644,378,663. The towns not included in our list may be estimated as having an aggregate indebtedness of about $400,000,000, making the total municipal debt of the country $1,044,278,663. Added to these municipal debts proper we find the county

debts of the United States amounting to about $200,000,000, and the State debts to about $300,000,000; making a grand aggregate of more than 1,500 millions of public debt of States, counties, cities and towns. The whole burden of interest on these securities at seven per cent. would amount to 105 millions of dollars a year. On the increase of municipal debts in the United States Mr. Buell offered the following remarks to the Bankers' Convention.

"If no other arguments were adduced to show the paramount necessity of adopting the amendments to the constitution of the State of New York above referred to, the simple fact ought to be enough which is cited in the report of Mr. Evarts' commission that these amendments will give protection to the twenty-four cities of the State. These cities, according to the census of 1875, had a population of 2,213,373, while the entire population of the State was $4,330,210. The assessed aggregate value of the property subject to taxation in these cities was $1,516,449,596, while the assessed value of the whole property in the State at the same time was, in round numbers, 2,000 millions. The vast financial concerns of the great communities, representing one-half of the population and three-fourths of the property of the State, are surely worth preserving from the ruin which must overtake them if they are given up any longer to the control of political factions, organized to promote selfish and personal ends at the public cost.

"From the reports of the 130 cities I find that their debts in the aggregate were, in 1866, 221 millions. Hence it appears that these cities have almost tripled their debt in ten years. Supposing that other municipalities have done the same, an average of $74,000,000 a year has been added to the municipal indebtedness of the United States; and if the panic of 1873 had not put a sudden check upon the rapid growth of this municipal extravagance and reckless running into debt, there seems little reason to doubt that the progress and the amount of our municipal indebtedness would have been at least twenty per cent. greater than they are now. As the effects of the panic seem to be passing off, and as the national growth in wealth is so promising, there is reason to fear that with returning prosperity municipal prodigality may return also, and we have in this apprehension a new reason in support of my proposition that something wise and judicious must immediately be done to interpose safeguards by amendments to our State Constitutions, by legislation and by other wholesome and fit expedients to avert the threatened evils.

"The amount of the permanent debt of the several cities of the State of New York embracing, in round numbers, a population of two millions, is upwards of one hundred and seventy millions of dollars, the annual interest upon which,

probably, exceeds eleven millions of dollars. The whole amount appropriated for carrying on the Government of the State in 1875, exclusive of sums appropriated to extinguish debt, was less than nine millions of dollars—much less than the sum which the cities of this State are compelled to raise to pay the interest on their local debts. Much the larger part of this burden is the growth of recent years. The enormous debt of the City of New York is especially deserving of attention, as it is at present, after deducting the sinking fund, upward of one hundred and thirteen millions of dollars; and without deducting that fund, upwards of one hundred and forty millions of dollars; an amount exceeding the entire sum requisite to defray all the expenses of the State Government for the present year, and exceeding the entire expenditure of the City and County of New York for a year so recent as 1860, when the city had a population of 800,000. In 1840, the debt of the city was $10,000,000. In 1850 about $12,000,000; an increase during the decade of about twenty per cent. In 1860 it was upward of $18,000,000; an increase of fifty per cent. In 1870 it was upward of $73,000.000; an increase of nearly four hundred per cent., and in the six years which have since elapsed it has been swollen by the enormous addition of $40,000,000. It is proper to say, that this last increase is, in a large measure, due to the funding of a preceding floating debt of upward of $20,000,000, a legacy from the corrupt cabal overthrown in 1871, and which, or most of which, ought to be added to the amount of the debt, as above stated, in 1870. The magnitude and rapid increase of this debt are not less remarkable than the poverty of the results exhibited as the return for so prodigious an expenditure. It is hoped that in the State of New York the time is very near when the reform will be vigorously accomplished. If this expectation should be realized, other States will, it is hoped, soon follow our example. It would be easy to show that scarcely any other proposed remedies for the evil we are discussing can compare with the one recommended by Mr. Evarts' Committee. No other scheme that I have examined enables the taxpayer to control so completely the expenditure, debt and taxation of our large cities. Wherever, as in this State, the provisions of the State Constitutions declare in effect that all elective officers are to be chosen by universal suffrage, these provisions will stand in the way of the reform here proposed and a constitutional amendment will, of course, be necessary. But whatever the details and practical methods may be of carrying out the reform and however much they will bear it in different States, the thing which I am particularly anxious to suggest is that the assembly which votes the taxes should be elected by those citizens who have to pay them."

BUSINESS IMPROVEMENT AND BUSINESS FAILURES.

One of the most notable features of the commercial growth of the last forty years, is the change which has been developed in the credit system by which all departments of commerce and trade are now sustained. A generation or two ago the capital used in business enterprises was commonly owned for the most part by the men who were at the head of the establishment. Now such men frequently own a comparatively small share of the capital stock of the business which they superintend, and through some of the infinite ramifications of the credit system they obtain the great bulk of the capital employed in their business. Among the dangers and disasters incident to this state of things is the great increase which has taken place in the number and amount of the insolvencies and failures. During the war, and for several years afterwards, the paper-money inflation offered singular temptations and facilities to our business community, and the wonder is not that we have had in the United States so many failures, but rather that there have been so few. During the last ten years the financial condition of the country has been peculiarly dangerous, and the perils incident to business have been greatly augmented since the panic of 1873. In view of these dangers, it is gratifying to find that there is a tendency to a favorable reaction, notwithstanding the approach of resumption.

Among the numerous indications of an improvement in business, which are attracting attention throughout the country, a conspicuous place is claimed by the latest statistics of the failures. The report for the past quarter has just been issued by Messrs. Dun, Barlow & Co., and shows a notable change for the better. The report for the last quarter of 1877 shows 6,565 failures in the United States against 7,050 in the corresponding period of 1876. The liabilities of 1877 are reported at 142 millions against 156 for 1876. The average failures for the successive quarters of the last three years compare as follows:

	First Quarter.			*Second Quarter.*		
Years.	*No. of Failures.*	*Amount of Liabilities.*	*Average. Liabilities.*	*No. of Failures.*	*Amount of Liabilities.*	*Average. Liabilities.*
1875 ...	1,982	$43,176,953	$21,784	1,581	$33,667,313	$21,295
1876 ...	2,806	64,644,156	23,038	1,794	43,771,273	24,398
1877 ...	2,869	54,538,074	19,010	1,880	45,068,097	23,972

	Third Quarter.			*Nine Months.*		
Years.	*No. of Failures.*	*Amount of Liabilities.*	*Average. Liabilities.*	*No. of Failures.*	*Amount of Liabilities.*	*Average. Liabilities.*
1875 ...	1,771	$54,328,237	$30,676	5,334	$131,172,503	$24,591
1876 ...	2,420	47,857,871	19,534	7,050	156,272,800	22,166
1877 ...	1,816	42,346,085	23,318	6,565	141,952,256	21,622

The failures in each State compare as follows:

STATES AND TERRITORIES.	*Third Quarter of 1877.* Failures.	Liabilities.	*Total for nine Months, 1877.* Failures.	Liabilities.	*Total for nine Months, 1876.* Failures.	Liabilities.
Alabama	2	$37,000	35	$563,031	40	$490,827
Arizona	2	41,000	2	41,000	—	——
Arkansas	2	37,950	17	214,275	24	203,649
California	55	767,395	234	2,224,151	128	1,295,596
City of San Francisco	26	429,619	104	6,231,652	51	1,141,683
Colorado	15	168,160	36	554,560	34	326,241
Connecticut	61	1,898,625	223	4,829,365	156	3,291,277
Dakota	2	7,800	5	26,300	9	78,400
Delaware	1	20,000	9	169,500	17	201,600
District of Columbia	17	197,000	36	930,600	17	80,977
Florida	2	4,500	9	125,000	14	121,000
Georgia	14	114,400	70	818,096	133	2,955,145
Idaho	1	15,000	3	44,500	1	3,500
Illinois	129	2,974,500	373	7,088,300	345	5,307,410
City of Chicago	50	3,875,600	157	8,586,200	168	7,514,800
Indiana	70	1,910,286	248	4,145,171	284	3,235,521
Iowa	45	584,500	267	2,127,900	385	3,277,980
Kansas	14	94,719	36	230,969	41	372,400
Kentucky	40	1,347,150	164	5,200,900	178	5,261,172
Louisiana	2	10,000	33	444,518	61	1,148,993
Maine	43	500,400	97	1,071,400	113	1,511,250
Maryland	25	1,223,734	96	2,980,234	102	1,449,637
Massachusetts	103	1,148,780	371	5,338,908	358	11,628,064
City of Boston	46	1,400,000	87	3,561,200	222	8,955,100
Michigan	81	1,426,313	257	6,369,641	442	7,927,399
Minnesota	15	96,735	101	1,193,250	97	1,207,989
Mississippi	4	46,000	62	645,689	64	612,833
Missouri	16	134,850	59	596,692	71	1,062,700
City of St. Louis	31	2,342,300	94	5,833,550	64	2,063,057
Montana	—	——	—	——	3	75,000
Nebraska	10	57,500	38	258,800	36	88,100
Nevada	10	110,407	50	570,736	16	105,400
New Hampshire	15	188,500	50	408,652	32	463,555
New Jersey	49	895,596	136	2,846,424	122	1,642,692
New York	230	3,144,342	801	12,989,932	763	16,388,295
City of New York	165	7,507,386	599	24,052,450	645	26,921,660
North Carolina	5	27,600	70	439,569	102	772,885
Ohio	74	1,320,448	273	4,451,085	284	4,448,304
City of Cincinnati	23	371,284	79	2,185,174	67	2,039,930
Oregon	4	58,800	22	234,704	26	290,716
Pennsylvania	130	2,510,482	430	8,563,439	403	8,810,611
City of Philadelphia	36	830,923	119	3,046,796	109	3,450,995
Rhode Island	30	1,232,500	84	3,416,087	115	5,759,634
South Carolina	4	38,565	57	963,061	76	1,307,096
Tennessee	11	132,859	67	735,319	130	1,755,976
Texas	13	132,700	90	1,139,320	125	1,246,462
Utah	4	11,500	5	41,500	1	6,000
Vermont	17	71,600	66	472,463	51	1,030,630
Virginia and West Virginia	29	178,845	117	1,000,505	140	2,993,842
Washington Territory	3	162,000	7	207,800	5	202,664
Wisconsin	38	502,432	114	1,646,388	169	3,604,344
Wyoming	2	5,500	2	5,500	10	140,900
Total	1,816	$42,346,085	6,565	$141,952,256	7,050	$156,272,800
Dominion of Canada	424	$5,753,139	1,646	$20,904,976	1,256	$17,786,150

"It is many months since so favorable a report has been issued," says the report before us, "and this fact, taken in connection with the improved business in merchandise which the autumn months have thus far witnessed, and the certainty that a great crop of produce is now being marketed at good prices, suggests the hope that the worst effects of the depression have been seen."

To throw further light on the number and amount of the commercial failures in various parts of the United States we give the following table showing the figures for the whole of the year 1876, with the number of persons in business in each State :

COMPARISON AND AVERAGES OF FAILURES IN 1876.

STATES.	*No. in Business.*	*No. of Failures.*	*P. C. of Failures.*	*Amount of Liabilities.*	*Average of Liabilities.*
Connecticut	12,517	197	1.58	$4,186,548	$21,252
Maine	10,798	138	1.28	1,916,450	13,887
Massachusetts	34,949	720	2.06	23,504,829	32,645
New Hampshire	7,462	48	0.61	559,255	11,651
Vermont	6,911	73	1.06	1,410,930	19,328
Rhode Island	4,922	138	2.80	6,079,050	44,196
About one in 59	77,559	1,314	1.69	$37,657,062	$28,658
Delaware	2,932	19	0.65	209,600	11,032
District of Columbia	2,327	18	0.77	87,977	4,887
Maryland	11,914	145	1.22	2,104,637	14,584
New Jersey	18,779	159	0.84	2,273,141	14,297
New York	72,427	1,885	2.60	52,555,951	27,881
Pennsylvania	56,805	683	1.20	15,013,375	21,984
One in 57	165,184	2,909	1.76	$72,224,681	$24,800
Alabama	4,961	51	1.03	771,827	15,134
Arkansas	3,580	35	0.97	268,257	7,644
Florida	1,445	14	0.97	121,000	8,643
Georgia	6,928	147	2.12	3,110,145	21,157
Kentucky	15,278	241	1.57	6,659,247	27,631
Louisiana	7,704	80	1.08	1,438,143	17,976
Mississippi	5,618	81	1.44	738,258	9,114
North Carolina	6,028	126	2.09	994,918	7,896
South Carolina	4,511	89	1.90	1,500,114	16,855
Texas	9,617	167	1.73	1,900,515	11,380
Tennessee	8,153	158	1.93	2,229,553	14,111
Virginia and West Virginia	13,617	172	1.26	3,351,289	19,484
One in 64	87,140	1,361	1.56	$23,083,266	$16,960
Dakota	379	10	2.63	83,400	8,340
Illinois	48,502	633	1.30	15,243,910	24,082
Indiana	24,777	362	1.46	4,787,401	13,225
Iowa	21,953	491	2.23	3,909,080	7,961
Kansas	7,087	48	0.67	435,900	9,081
Michigan	22,519	576	2.56	9,736,852	16,904
Minnesota	7,961	132	1.65	1,565,684	11,861
Missouri	23,920	167	0.70	3,891,294	23,301
Nebraska	3,536	37	1.04	93,600	2,530
Ohio	43,357	467	1.07	8,606,242	18,429
Utah	688	1	0.14	6,000	6,000
Washington Territory	684	6	0.87	203,864	33,978
Wisconsin	19,949	209	1.04	4,307,314	20,609
One in 72	225,309	3,139	1.34	$52,870,541	$16,843
California	15,336	248	1.62	3,877,671	15,636
Colorado	1,782	45	2.52	501,582	11,146
Idaho, Montana, Arizona & Wyo.	1,210	17	1.40	254,400	14,964
Nevada	1,653	25	1.51	206,167	8,246
Oregon	2,332	34	1.45	422,416	12,424
One in 60	22,313	369	1.65	$5,262,236	$14,261

BANKING MOVEMENTS OF ITALY AND FRANCE.

In view of the expected resumption of specie payments by France next January the banking movements of Continental Europe have been attracting of late considerable attention. We find among the recent statistics on this subject two tables which are of much practical value. The first is as to the banks of Italy. The deposits of these banks are not reported, but their aggregate capital is $50,350,000 and their note circulation $129,205,000. Their cash reserves amount to $29,920,000, being nearly $10,000,000 less than in 1874. It is interesting to observe that although Italy is a member of the Latin Union in which silver coin is a legal tender, the banks are not flooded with silver as had been predicted, but the decline in their cash reserves has chiefly depleted the stock of silver, the gold reserve being only $3,250,000 less in December of 1876 than in December, 1874. Subjoined is the table of the banks of Italy:

CAPITAL AND CIRCULATION OF THE BANKS OF ITALY.

Banks.	Working Capital.	Limit of Note Circulation.	Annual Average Circulation. 1873.	Annual Average Circulation. 1876.	Cash Reserves, Dec. 31. 1876.
National Italian	$30,000,000	$90,000,000	$68,140,000	$70,720,000	$17,555,000
Tuscan	4,200,000	12,600,000	11,510,000	10,290,000	2,475,000
Tuscan Credit	1,000,000	3,000,000	2,725,000	2,685,000	1,000,000
Roman	3,000,000	9,000,000	9,880,000	8,600,000	2,000,000
Bank of Naples	9,750,000	44,250,000	29,470,000	22,550,000	4,260,000
Sicily	2,400,000	7,200,000	6,735,000	6,415,000	2,625,000
Total	$50,350,000	$151,050,000	$128,050,000	$121,260,000	$29,915,000

The second table refers to the banking deposits of Paris. For many months past the accumulation of deposits in all the chief European centres of finance has been the subject of general observation. But it was not supposed that so active an increase had been going on during the last year, as appears from the following table to have been actually realized:

DEPOSITS OF THE CHIEF FRENCH BANKS, AUGUST 31, 1876 AND 1877.

	1876. Francs.	1876. Dollars.	1877. Francs.	1877. Dollars
Bank of France	399,000,000	79,800,000	490,000,000	98,000,000
Societe Generale	162,706,000	32,541,200	164,534,000	32,906,800
Credit Industriel	37,347,000	7,469,400	50,954,000	10,190,800
Comptoir d'Escompte	72,350,000	14,470,000	102,302,000	20,460,400
Societe des Depots	40,074,000	8,014,800	59,095,000	11,819,000
Credit Foncier	57,875,000	11,575,000	78,356,000	15,671,200
Credit Lyonnais	67,973,000	13,594,600	92,272,000	18,454,400
Total	837,325,000	167,465,000	1,037,513,000	207,502,600

THE RELATION OF THE BALANCE OF TRADE TO THE FOREIGN EXCHANGES,

BEING THE FOURTH OF THE GILBART LECTURES ON BANKING.

DELIVERED AT KING'S COLLEGE, LONDON (SESSION 1877).

BY PROF. LEONE LEVI.

"In studying any phenomena," said Professor Maxwell in his general considerations respecting scientific apparatus, "the first difficulty we meet with, after we have determined the field of observation, is the presence of agents and phenomena not included within the same field, which are, in effect, disturbing agents; and if we wish to arrive at sound conclusions we must so arrange that the effects of these disturbing agents on the phenomena to be investigated shall be as small as possible. It may be desirable to change the field of our investigation, and include within it those phenomena which in our former investigation we regarded as disturbances; in which case the experiments must be designed so as to bring into prominence the very phenomena which we formerly tried to get rid of, and when we have, in this way, ascertained the laws of the disturbances, we may be better able to make a thorough investigation of what we began by regarding as the principal phenomena." So in the use of statistics relating to any branch of research, whether social or economic, it is not enough to collect facts and see that they are absolutely reliable, but we must be sure to eliminate from the class of facts under consideration every disturbing element. It might seem easy to form tables of deaths with a view to deduce the probability of life and health, but there are disturbing influences which must be taken into account—in the nature of the habits of life, the kind of employment, immigration or emigration, ignorance or misstatement of age, local epidemics, etc., which may be sources of error. Compare the West End and the East End of London, and you may expect a much greater mortality in the latter than in the former from the larger population in proportion to area, and other circumstances of an economic character. But let an hospital be erected and attract sufferers from all parts of the country into the West End, and this disturbing element will vitiate all comparison and all calculation. When engaging on any inquiry of an economic character be sure, therefore, to eliminate every disturbing element in the shape of other causes which may aggravate or neutralize the effect of the principal cause, the subject-matter of your inquiry.

Of all economic phenomena those of the foreign exchanges

are, perhaps, the most difficult of investigation, for they are the symptoms of the condition of international indebtedness as resulting from a variety of causes acting and re-acting upon one another, sometime of an aggravating and sometime of a neutralizing character. Putting aside for the present all questions of the currencies, and limiting our observations to the effect of the balance of trade, see how gigantic and marvellous are the operations of trade itself. Who, indeed, can contemplate the wise distribution of the produce of the earth, and the variety of skill and industries of its multitudinous inhabitants, without being led to the conviction that it was the glorious design of Providence to constitute the whole human race one vast family and one entire commonwealth, supplying each other's wants and administering to each other's comforts. Think of the meteorological peculiarities of different countries and of the physical and geological properties of different states in the earth. Think of the difference among men in taste, capacity for labor, genius and manners. See how external circumstances act directly on the industrial and intellectual faculties of a nation. How the sturdy English laborer is the creature of the hard task which England imposes upon her children; how the daring mariner is the necessary result of a life spent amidst the unconquerable elements of air and water; and how the graceful and skillful Frenchman is just a child of *La Belle France*, where nature and art conspire in training the eye, the hand, and the mind for all that is elegant and beautiful. And so we trade one with another, and enormous quantities of produce and articles of art and industry are constantly set in motion from one part of the world to another. Happily, most of us precisely require what others can give us and are the possessors of what others want, and so we barter. We get silk and wine from France, and we send in return cotton and iron. We want tea and silk from China, and we send her in return cotton goods and hardware. And valued as such goods are by the common denominators and standard of value, gold and silver, we have the numerical value of all such transactions in so many million pounds sterling imported, and as many million pounds exported, to and from every part of the earth. Now of this international trade England takes a great share, and therefore the statistics of British commerce are apt to teach lessons of immense value. And what do they tell us respecting the balance of trade and the foreign exchanges?

The annual statement of the trade of the United Kingdom is a big quarto volume, but its contents are of wonderful importance, for commerce is a mighty interest in Britain. For many years past a fact of considerable economic meaning has been revealed by our statistics of trade. It is, that the yearly value of imports of foreign and colonial merchan-

dise into the United Kingdom is in excess, by many millions, of the total yearly value of the exports of produce and manufacture from the United Kingdom, leaving every year an enormous amount apparently due to foreign countries. In the year 1875 the total imports amounted to £373,940,000. In that year there were reëxported of foreign and colonial merchandise £58,146,000, leaving £315,794,000 as the amount for which England became indebted to foreign countries. In that same year, however, England exported £223,466,000 worth of British produce and manufacture, for which foreign countries became her debtors, leaving an excess to be accounted for of £92,328,000. Nay, more, add bullion in gold and silver imported, £33,000,000, and exported, £37,628,000, and the balance would appear to be £98,000,000 in a single year. Does England owe this large amount? It cannot be said that the year 1875 was an exceptional year, for, on the contrary, there was nothing extraordinary in that year, except indeed a notable increase of the same phenomena. Taking the whole period from 1854, when the real value of imports was first obtained, to 1876, the excess of imports over exports has been on an average of £54,000,000. What is the meaning of this fact? Is it that England is fast going to ruin, as some are apt to interpret, or is it itself a most satisfactory evidence of the increasing wealth of the country. How far the statistics of trade, published by the Board of Customs, are absolutely reliable it is difficult to say. Doubtless, true as the facts are as a whole, it must yet be remembered that the totals are arrived at from entries made by importers and shippers, often in a very loose manner. Before 1854 the value of imports was given in official values, or by reference to a certain tariff of prices, supposed to represent the values of the various articles in 1699; true value indeed at the time when first introduced, but altogether fallacious as a basis of the value of goods in subsequent times. From 1854 the value of imports was calculated upon the average prices of goods imported, as ascertained by brokers or by the Chambers of Commerce. But in 1871 that system was discarded for the present one of trusting completely on the value entered by the merchants themselves. As for the exports, from the commencement of this century we have always had the value as entered by exporters at the custom house. So that in fact, both for imports and exports, we have, after all, by no means a very reliable system in all its details, but only an approximate estimate though as close, perhaps, as can be obtained, considering the immensity of the operations thereby recorded. Supposing, however, it be actually true that England is ordinarily receiving much more than she gives, is it not the fact that England has invested enormous sums in public undertakings all over the world; that she has lent money to many

nations, and that every year a good contingent of many millions has to come back in the shape of profits, interest and annuities? If so, what wonder if a large portion of what is thus due should come over to this country in the shape of bullion or of merchandize.

The statistics of trade of foreign countries are not so correct as we might desire, and we must examine them very closely before we can attempt to form any conclusion whatever respecting their meaning. Still there are facts of moment full of interest. Russia, in 1873, is stated to have imported in merchandize and bullion £68,000,000, and exported £57,000,000. The year was not an exceptional one, for in the five years from 1869–73, there has been always a constant excess of imports over exports. If the accounts are reliable she would seem to make a good bargain with her grain, tallow and other produce. But are we to attach much faith in Russian statistics of trade? What she imports and exports through her seaports may be well ascertained. But she has an immense, almost boundless, land frontier, far beyond the close supervision of the Central Government. Who can say to what extent trade is carried on to and from distant territories which do not enter into such statistics? It should be remembered, in the appreciation of Russian statistics of trade, that the national debt of Russia is nearly all held abroad, and that, therefore, she must send out yearly funds for interest on the same; nor does she hold to any extent stocks or securities of any other nation. Holland imported £55,000,000 worth of merchandise and bullion, and exported £43,000,000. But Holland is a rich country. Her wealth is largely invested in foreign stocks; she receives a good revenue from her Eastern territories, and her ships earn good freight. France would show an excess of exports over imports in merchandise, the amounts in 1873 having been £140,000,000 imports and £148,000,000 exports; but the relation is reversed when bullion is added, of which she imported £38,000,000 and exported £6,000,000. The United States' statistics show an excess of exports over imports, a clear evidence of her altered economic condition. In 1873 they imported £115,000,000 worth of merchandise and exported £119,000,000. Add to this the imports and exports of bullion, and the excess of export amounted to £12,000,000. India is a study of itself. During the last ten years, from 1865–6 to 1874–5, her excess of exports over imports of merchandise amounted to £116,000,000, or at the rate of £11,600,000 per annum, the reason of the excess being that she has large payments to make, in England especially, for borrowed capital for expenses of administration in England, for interest on money expended in the construction of her railways, for salaries and pensions of officers of the government on leave and retired. And she pays these various items

by shipments of cotton, indigo, rice, jute, spices, shawls, silk, etc. As for the statistics of trade of Germany, they are wholly mistrusted by the Germans themselves, on account of the imperfection of registration and control of the custom houses, the largely suspected clandestine and smuggling trade and the enormous valuation of goods made in the different parts of the empire and on a different basis, whilst in some parts of Germany no account has been taken of articles coming or going free of duty.

The statistics of trade of the United Kingdom have an advantage over those of inland countries in the fact that, as all must come and go by sea, nothing is allowed to escape the vigilance of the customs. Not so in inland countries. How is it possible, for instance, to control the traffic of railways so as to take a proper register of goods carried by them, either to or from the country or in transitu. They escape, and thus they vitiate the statistics—prepared with the most possible care, to a very large extent. Not all the goods shipped, moreover, do arrive at the port of destination. They may be wrecked and lost, and if so, nothing can be expected in return, no debt has been contracted for them, and their value is probably recovered from the underwriters at home. Then there is the enormous difference of value between the place of departure and the place of destination. Goods exported are declared at their value here, taking no account whatever of charges, freight, insurance and commission. Goods imported are declared at their value also here, but comprising freight, charges, insurance, profits and commission. The item of freight alone increases the apparent costs of imports by ten to twelve per cent., the total amount of freight having been calculated by Mr. Stephen Bourne at £35,000,000 per annum. And who is it that receives the freight? To a large extent the British shipowners. Look, moreover, at the question of profits, and see how that item operates in swelling the amount of the imports over that of the exports. Suppose you ship a cargo of iron from England to the United States of America of the declared value in this country of £2,000. By the time that iron reaches New York its value is increased by ten per cent. charges and thirty per cent. duties, making its cost there £2,800. Allow fifteen per cent. profits and it will bring to the importer £3,200. This amount is converted into cotton. Upon it there are again ten per cent. charges, and when it arrives in England its value is declared at £3,500; and so the accounts will stand for this one transaction, exported £2,000 imported £3,500. Does it reveal a loss? The freight outward was probably gained by a British shipowner. The profits themselves were probably earned by the British American consumer. In truth, it would be extremely difficult to say whether any or what proportion of the imports

really constitute a debt to foreign countries. Nor can we take the accounts of trade, for any one year, as an indication of the real balance of trade, for the accounts of different countries do not refer to the same year, and time is an element in the action of trade upon mutual debts. Our imports this month, in 1877, will figure in the exports of China and India for 1876, and so forth. Doubtless, if we take a number of years instead of any isolated year, we are more likely to arrive at a perfect equilibrium; but again it should be remembered that trade is not the only element in international indebtedness. Where a country, like Austria, is laden with debt towards other nations, or one, like Russia, is making havoc with her currency, or one, like England, becomes entitled to interests from large investments abroad, the balance of trade can never approach to an equilibrium. Independently, however, of these calculations, which go so far to lessen the value of the statistics of trade, or which give to the balance of imports and exports much less economic weight than they would appear to be entitled to, the phenomena in question have an essential value deserving of special attention.

Unhappily, the very meaning or tendency of what is called an adverse or favorable balance has been misinterpreted. In the opinion of many eminent writers on economic subjects, before the publication of the great work of Adam Smith, which dispelled the illusion, the balance was favorable when the exports exceeded the imports, and unfavorable when the imports exceeded the exports. But why? Simply because in the opinion of such writers, it was ruinous to a state to pay the excess in gold and silver. The whole structure of the mercantile system was built in order to encourage as much as possible our exports in order to make foreign nations our debtors, and to discourage as much as possible our imports in order to limit our indebtedness for the sole purpose of getting into the country as much gold and silver as possible, and by all means to hinder the departure of the precious metals. They did not regard gold and silver as common merchandise. They attached to them a special, almost magic, value. They did not think that the exports are paid back to us by the imports, and that just as private individuals are anxious to obtain as much as they can for what they give so a nation ought to be too glad to get as good a return as possible for her exports. Has England become poorer and poorer by the excess of her imports over exports? Common experience tells us that she was never richer than she is now, after very many years of this wrongly assumed exhaustive process. But the best way for ascertaining whether the excess of imports into the United Kingdom is advantageous or not, in a financial aspect, is to look to the foreign exchanges. If England did

really owe the excess as a real debt would there not be a constant excess of Bills on England in the foreign markets, and would not the exchange be consequently permanently against England? How is it, then, that the exchanges are generally in her favor? How is it that the British sovereign holds its own so well against the money of all other countries? It is not easy, indeed, to establish the immediate connection between the balance of trade and the foreign exchange. In the case of Russia, the imports would seem to exceed the exports, and the exchanges are decidedly against her; but that is due to the depreciation of the rouble, which is simply a paper currency with forced circulation. The case of Austria is the same. There, too, of late years the imports have exceeded the exports, but that is due wholly to the disturbed and ruinous condition of Austrian finances.

Some are ready to decry free trade as the cause of the derangement of the exchanges, by the encouragement it gives to imports. There is great difference, however, in the nature of the imports. The importation of grain to supply the want of a deficient harvest which has impoverished the people is at best only a remedy for a great calamity. But the importation of raw materials for the purpose of putting into activity the industries and manufactures of the country; the importation of articles of food to provide and supplement the resources of the nation, otherwise in a condition of prosperity; the importation of manufactured goods to meet the demands of increasing wealth, are not in themselves injurious. The importation like this enriches the country and gives her the more command over the industries of other states. Take again the case of Japan; there, too, the balance of trade shows a great excess of imports over exports, and the exchange on London is very prejudicial to Japan. But there are other causes at work to create this, such as the large quantity of silver coin in circulation and the depreciated value of silver, which with a system practically a double standard acts upon her coinage, besides the drain of gold made on her resources by the payments of her foreign agents. As it is, her gold went out of the country at the very time when silver became depreciated at home.

It is but seldom that the effect of an unfavorable balance of trade appears in a very direct manner to affect the exchange. This, however, occurred in 1846–47, on the occasion of the failure of the potato crop in England, which necessitated a very large importation of foreign grain from the United States of America and Russia. What happened then? Suddenly and unexpectedly as the demand of grain increased from England a larger amount of bills than usual on England was thrown into the Exchange at New York market. Those bills, being plentiful, fell in price to such

an extent that British importers found it more advantageous to send gold than to allow their agents at New York to draw any more bills. At New York the exchange at 106⅜ was held at par. And so long as you could negotiate bills at an exchange at or over that rate, it was better to draw on London at sixty days' sight than to send gold. But in March, 1847, the exchange fell to 104, and consequently all drawing of bills ceased, and large amount of gold was shipped from England. Soon after matters mended and with decreased exports of breadstuffs bills became less plentiful at New York, and their price rose so much that by October in the same year the exchange rose to 109½, and at that price it was actually convenient to send sovereigns from New York to London. The balance due to America was thus more than liquidated, and it was no longer profitable in England to send thither gold. Nay, the contrary became actually the case, and gold came back. More difficult, however, than the operation of an excessive import or export of merchandise is the operation of an excessive import or export of capital in any form. Does it make any difference whether the imports or exports consist of bullion or of merchandise? England bound herself to establish railways in India involving an expenditure of £12,000,000 a year. That capital would not return to England, except in the shape of an annuity; therefore the transaction produced a transfer of capital, and its effect on the exchanges was the same just as if so much grain or bullion had been sent. On the occasion of the Crimean war England sent large quantities of gunpowder, ammunition and clothing, and if other circumstances could have been eliminated, such exports would have shown their adverse influence on the exchange in the same manner as if we had sent bullion; for you may be sure of this, that the exchange will reflect the operations of payments, unless their influence is counteracted by other circumstances. Whenever a low rate of interest in England encourages the investment of capital abroad, or a high rate of interest attracts capital to this country, in what form it goes or comes the operation is sure to affect the exchanges.

The extreme niceties of the operations of exchange may be seen by what is taking place in the transport of bullion, old or new coin, from England to France, and *vice versâ*. When a demand of bullion manifests itself for export it may either be got from the importers themselves at 1*s*. 8*d*. per ounce advance on the price of gold in 77*s*. 9*d*., or from the notes of the Bank of England at the price of 77*s*. 10½*d*. per ounce, or by the purchase of new or current coins. In the same manner a demand for gold in France may be met either by a purchase of market bullion from the importers at the tariff rate of 3.437 fine per kilogramme 1,000 fine,

or from the Bank of France at a small premium, or by the purchase of new or current coin. Now the difference in the state of exchange between England and France is so fine as to be influenced not only by the great causes of the balance of trade, currencies, etc., but even by the kind of gold or bullion sent from London to Paris, or *vice versâ*. And Mr. Ernest Seyd tells us, that taking the mint par of exchange between England and France at 25.2215 francs per £1, a difference of 5.96 centimes would render it worth while for London to ship market bullion to Paris, a difference of 10.01 to ship bank bullion, a difference of 12.94 London would send new sovereigns to Paris, and a difference of 18.60 London would send current sovereigns to Paris. On the contrary, when the exchange turns in favor of England, a difference of 9.25 would bring market bullion to London, of 13.08 would bring bank bullion, of 16.05 Paris would send new Napoleons to London, and with a difference of 22.35 Paris would send current coin. Thus, in order to obtain bullion from France, we require rather more than three centimes in the turn of the exchange in our favor than the French, and this arises from the different method of dealing with the importer.

In dealing with the exchanges we must remember that we must make very fine and minute analyses. First, there is the difference between a bill at sight or "short," and a bill at usance at thirty or sixty days' sight, the latter embracing the elements of interest and insurance for risk. Next, as between countries using gold and silver, as between England and India, care must be taken to remove, or to take account of, the disturbance caused by the variation in the price of silver, a fact of great importance in relation to the recent depreciation of silver. The effect of such depreciation on the Indian exchange, as shown before the Committee of the House of Commons on bills drawn by the Secretary of State for India, was as follows: Between 1863 and 1867 the average rate was 1*s.* 11¾*d.* to 1*s.* 11⅞*d.* per rupee. From 1867–8 to 1873–74 the rate was 1*s.* 10⅜*d.* In 1875–76 it fell to 1*s.* 9⅝*d.* Then in May, 1876, to 1*s.* 8½*d.*, and in July, 1876, to 1*s.* 6½*d.* Since then, the price of silver having somewhat recovered, the exchanges have also risen. It is well to remember also that the exchanges between any two countries may be affected by the intervention of a third in the settlement of international indebtedness. If France should owe money to England it would be the same were she to pay direct, or were she to pay any debt due in Holland by England, but by so doing the Holland exchange would appear affected, whilst the indebtedness would cease with both. Again, in dealing with the exchanges with China, India or Japan, it may be necessary not to limit our observation to any one of those countries, but to take the whole

East as against the whole West, remembering that the indebtedness of America to India and China is settled by drafts on England.

And care must be taken to observe whether the phenomena of a rise or fall in the exchanges arise from a permanent or from a temporary cause; for, as Mr. John Stuart Mill said, if the balance due is of small amount, and is the consequence of some merely casual disturbance in the ordinary course of trade, it is soon liquidated in commodities, and the account adjusted by means of bills without the transmission of bullion. If on the other hand, the excess arises from a permanent cause, then what disturbed the equilibrium must have been the state of prices, and it can only be restored by acting upon prices, or in other words, by so reducing the circulation that it shall abate the cause from which the disturbance proceeded. A diminution of accommodation, or what is tantamount, a rise in the rate of interest, tends both to discourage the imports from low prices and decreasing demand, and to encourage the exports from the low prices consequent on the diminished orders. One more word and I have done. The title, "Foreign Exchanges," unhappily does not express the nature of the operations which are included in the subject before us. The French word "*change*," from the Latin "*cambium*," whence "cambist," again expresses more the act of money changing than the economic meaning of the mode of effecting foreign payments. What is usually meant by foreign exchanges is that branch of trade which arises from the necessity of making foreign payments, as well as the condition or the price at which bills or other effects and securities on other countries may be purchased or sold. Well instructed on the economic value of commerce, coinage and bills of exchange, and with a moderate familiarity with arithmetic, the study of the principal causes by which the foreign exchanges are affected may be easily ascertained; but, if you have difficulties in eliminating the various elements of disturbance, take care to keep your eyes fixed on the primary phenomena you wish to investigate, and you will find that what may prove a source of error in limited observation will greatly lessen in intensity as your observations are deeper and more extended.

THE GOLD AND SILVER YIELD.—It is estimated, according to official reports received at the Treasury Department, that the yield of the precious metals in Nevada and California will amount during the present calendar year to $33,000,000 in gold and $27,000,000 in silver, as follows: Mines of the Comstock Lode, $20,000,000 silver and $17,000,000 gold; remainder of the State of Nevada, $6,000,000 silver and $1,000,000 gold; the State of California, $15,000,000 gold and $1,000,000 silver.

CURRENT NOTES UPON THE SILVER QUESTION.

BY GEO. M. WESTON.

THE PROJECT OF SILVER GREENBACKS.

The Secretary of the Treasury adheres to the project of silver greenbacks which he embodied in a bill presented to the U. S. Senate last winter. In brief, this project is to coin the old silver dollars of 371½ grains of pure silver for the sole account of the Government, and exchange them with such holders of the present paper greenbacks as are willing to make such an exchange, to an amount not exceeding 300 million dollars. The proposed silver greenback is to have the same capacity of legal tender and government receivability as the present paper greenback, that is to say, it is to be a tender for all private debts, and to be receivable for all taxes except Customs duties.

It is plain enough that such a dollar would be, to all practical interests and purposes, only a greenback. It would, of course, possess the intrinsic value of the bullion in it, but its value as money would be regulated by the same limitation of quantity which regulates the money value of the paper greenback, the legal functions of both being the same. Silver, as a metal, would remain demonetized as it is now, and debtors would be denied the privilege of using it in payment as they now are. Nothing would be monetized except the particular silver dollars which the Government might choose to manufacture and might also succeed in exchanging for the paper greenbacks now in use.

Three hundred million dollars in paper greenbacks cost, substantially, nothing, and the Government gains the annual per centage of them which is lost or destroyed by various casualties. Three hundred million dollars in silver greenbacks would cost the price of the bullion in them. The interest on this cost would be a heavy annual charge. Casual losses of them would be the same to the individual, as casual losses of paper greenbacks, but without any corresponding gain to the Government.

An entirely fatal objection to the silver greenbacks as proposed by Mr. Sherman, is their exportability. It is certain that they would drift out of the country from time to time with the varying currents of commerce, and once gone the probabilities are that few of them would ever return. Most of them would go to the East, from which there is never any reflux of silver. Others would be received at European mints, and would be demonetized the moment they lost the form of the American dollar.

Nothing is more probable than that, at particular junctures, stock speculators in the great cities, interested in producing a tight money market for the time being, would possess themselves of the floating parcels of these silver greenbacks and make a market for them in Asia or elsewhere. It is said that, from time to time, there is a lock-up of the paper greenbacks for this same purpose. In addition to the fact that there is the same opportunity for locking up the silver greenback, the latter can be exported and its bullion value be thereby immediately realized. The loss of such an operation to the parties concerned might be far less than their gains.

To give the country silver greenbacks, limited originally to a specific sum, is to create a money liable and certain to be exported, how rapidly nobody can foresee, and thus leaving the country exposed to a great diminution or even total loss of its metallic circulating medium. No remedy can be devised for this fatal defect of the silver greenback project of Mr. Sherman, except the remedy, such as it would be, of investing the Secretary of the Treasury, or some other official, with the power to declare, authoritatively, how many silver greenbacks had left the country and to supply their place with an equal number of new ones. This would substantially invest the Secretary of the Treasury, or some other official, with the power to refuse to issue new ones, or to fix the amount of the new coins at his will and pleasure. It would always be a matter of mere guess-work, based on probabilities more or less plausible, how many silver greenbacks had disappeared by exportation. A Secretary of the Treasury can guess what he pleases, or if he goes through the form of instituting a commission of subordinates to guess for him, or to relieve him from the responsibility of guessing, it is only the form of the thing which is changed and not the substance, as the selection of the guessers lies with him, and their tenure of office is only his caprice from day to day.

The same observations apply to the constant but unknown loss by casualty of the silver greenbacks. Unless this loss is made good the money of the country must steadily dwindle in amount, and if the Secretary of the Treasury is authorized to make the amount good, he must first decide what the loss amounts to. Within wide limits he can determine the amount of this loss at his pleasure, and within the same limits can issue new silver greenbacks at his pleasure, and he is thus made, to a large extent, the master of the fortunes of every man who is either a debtor or a creditor. Within five years after $300,000,000 of the proposed silver greenbacks were issued, there would be the widest divergences of opinion as to how many remained in existence and in the country. An illustration of that is found in the recent case of Germany, where the amount

of silver in circulation has been debated ever since the policy of demonetizing it was adopted, and where it is still undecided.

Another form of silver greenbacks has been proposed in Ohio, differing from the scheme of the Treasury Department in the principle by which the amount of issue is to be regulated. Instead of making it exactly equal to the amount of paper greenbacks taken in and canceled, the Ohio project is to leave the issue discretionary with the Government, with a view to the issue of only such a quantity of silver greenbacks as will keep them equal always in market value with gold coins. Doubtless, within certain limits of quantity to be ascertained by trial, silver greenbacks, if made a tender for private debts and Government dues of all kinds equally with gold coins, might be kept on a par in the market with such coins. But if the money of the country, or any portion of it, is to depend for its value merely upon Government limitation of its quantity, it is a manifest folly to manufacture it out of such a costly material as silver when paper will answer the purpose quite as well.

The Ohio project like that of the Treasury leaves the metal, silver, demonetized as it is now. Debtors would have no more recourse upon it for the discharge of their obligations than they have now. No abundance in its production could be of any advantage to them. The only measure of value after the Resumption Act takes effect, January 1, 1879, would be gold. The presence in the circulation of silver greenbacks, necessarily few, and strictly so limited as to be always the market equivalent of gold, could in no degree affect prices. Gold would be the sole measure of values and the double standard would be as effectively abrogated as it is now.

Of these two silver greenback schemes that of Mr. Sherman is the worst. The supposition most favorable to his intelligence is, that he resorted to it in despair of being able to induce Congress to authorize the cancellation of the paper greenbacks by funding. The next thing to that would be the substitution of silver greenbacks, which would be certain to drift out of the country sooner or later. As the metal for the manufacture of the silver greeenbacks must be purchased by selling bonds, the final, and not very remote, result of the operation would be precisely the same as if the paper greenbacks were funded directly and without circumlocution.

The Ohio scheme, although not open to all the objections to which that of Mr. Sherman's is subject, promises no relief for existing evils. Indeed, no action in respect to silver promises any relief, except its free and unlimited coinage, and making it a tender for all dues to the government and for all debts, public and private. If it is excluded from receivability at the custom houses, or from being paid to the public credi-

tor, it is stigmatized, degraded, and hopelessly depreciated in advance, and such an issue would only be a repetition of the similar folly of 1862 in respect to the legal-tender Treasury notes. If its coinage is to be under Government control it is only a silver greenback, and with no point of advantage over a paper greenback, and there is no compensation for the great cost of purchasing the material for the manufacture of it. It is far better that the remonetization of silver should be indefinitely postponed than to accept it upon such terms of compromise, or upon any terms of compromise whatever.

CHEAPENING GOLD, NOT SILVER, THE AMERICAN POLICY.

Since the discovery of America the movement of silver has been uninterrupted from the Western World to Eastern Asia, which always has a merchandise balance in its favor. The general effect upon the Western World of demonetizing silver, is to force a larger exportation of it to Eastern Asia, and thereby reduce its purchasing power there and increase the prices of Oriental products which are measured in silver. This loss which results to the Western World from the policy of demonetizing silver falls upon Europe to the extent only of the disposable stock of that metal which it possessed when the policy was entered upon. The larger and permanent loss falls upon those parts of the Western World which produce the metal, and notably upon the United States which is the great producer, and probably will be so for an indefinite number of years to come.

The same demonetization of silver which cheapens that metal in the Western World enhances the value of gold. And from that enhancement there results to the United States, from the peculiarity of its position as an indebted country, an amount of loss far exceeding the gain it can make as a producer of gold. The annual interest on the foreign debt of the United States is not computed at less than $100,000,000, or two and a half times its annual gold production. This annual interest is to be paid to the gold standard countries of Europe, either in gold or in agricultural and other products at gold prices, which is the same thing in effect.

The wise policy for the United States is to enhance the purchasing power of silver, which is the principal instrument wherewith it acquires the products of the East, and to cheapen gold, in which its large foreign debts must be paid, or which, at any rate, fixes the prices at which its products must be used to pay those debts. The policy actually pursued, under the legislation of 1873–74, tends to cheapen silver and to make gold dearer. This is not an American policy but is a British and German policy, and is supported by British and German writers without number, great and small, on political economy. Very naturally they assign every species of reason except the real reason, which is

that they are writing in the interest of their respective nations, whose object is to increase the value of the debts due to them.

If the tons of gold now piled up uselessly in the Treasury of the United States, which need not keep a single pound of that metal, as it has no occasion to expend any, and owes no debt payable in it, was sent to Europe and its place supplied by silver; and if, the United States should at the same time suspend the process of making further drafts upon Europe for gold, prices on that continent would immediately advance, not gradually, but with a leap and bound. As we sell in Europe vastly more than we buy, the resulting annual enrichment of this country would be measured in tens of millions. Cotton, wheat, and all our great staples would feel the impulse instantaneously. Every additional ton of gold in the Government vaults is a subtraction from their prices, and every ton liberated would be so much added to their prices.

FLOODING THE UNITED STATES WITH DISCARDED EUROPEAN SILVER.

Pretermitting for the present the questions—whether silver from Europe would be any more damaging to this country than the same metal from our own mines, and whether there could be any damage at all in voluntary exchanges by our citizens of their agricultural products and manufactures for the silver of Europe, or of any other part of the world, at such prices as may be current in the market from time to time—it will allay a good many alarms to consider what nations in Europe have any silver to dispose of, and the obstacles they must overcome before they can be in a condition to part with what they possess.

Briefly, all the disposable silver in Europe consists of the unsold remnant of the German stock, and what is in use as currency in Holland, Belgium and France, all of these being double-standard countries, and the principal amount being held in France. The common estimate of the total metallic stock of France is 1,000 million dollars, two-fifths silver and three-fifths gold. In the Bank of France, at the date of the latest accessible report (July 15, 1877), the metallic stock, taking the franc at 18.6 cents, was as follows:

Full-Tender Silver	$146,406,738
Subsidiary Silver	9,418,968
Gold Coin and Bars	256,081,080

Of the assumed 400 million dollars of silver in France it is supposed that 100 millions would be needed for subsidiary coinage, and 300 millions be disposable in the event of its adopting the single gold standard. The quantity of silver disposable by Holland and Belgium together, if they should adopt the single gold standard, would be short of 100 mil-

lions. The only important case to be considered is, therefore, that of France.

At first sight it would seem as if disposing of silver was a very simple operation, and as if nothing was needed but customers enough and prices sufficiently satisfactory. The world is large, and without doubt 300 millions of silver could be exchanged by France on fair terms for merchandise, if that country should decide to make such an exchange and did not press the operation too rapidly. But this 300 millions is a part of the currency of France, and that country cannot part with it without a prostration of its prices not to be thought of, unless it can obtain gold in exchange so as to keep up its stock of metallic money. It is obtaining gold in exchange for its silver, which is for France as impossible a part of the operation as it is an indispensable part of it. It is only as gold is obtained in exchange that France will or can give up its silver, and no such amount of gold is possibly obtainable.

Undoubtedly it is practicable, although it would be difficult, for either Belgium or Holland, and possibly for both of them, to abandon their present double standard and adopt the gold standard. They are small countries and their metallic demands are not large. But the question of France is an altogether different affair.

There are no disposable stocks of gold anywhere, and nearly the entire visible stock is in Great Britain, France and Germany. In France, as already stated, the authorities seem to agree that it is 600 million dollars. In Great Britain, the mean of the estimates is 500 millions. Germany, to August 18, 1877, had struck of the new gold coinage, and it has no other gold coinage, 1,507,644,765 marks, or $376,911,191. The uniform account of this coinage in its earlier stages was that it was exported about as fast as it was struck. The total metallic stock (May 31, 1877) of the Imperial Bank of Germany was $133,898,800, of which the larger half was believed to consist of the silver thaler, which is still a full legal tender in that empire. Germany is known to have 100 million dollars in subsidiary silver, and is believed to have more than that in full-tender silver. An estimate of 200 millions in gold is quite as high as the probabilities justify. Great Britain will give up no part of its 500 millions, and Germany instead of giving up any gold that it now possesses is constantly exchanging silver for more gold. Where is the 300 millions of gold, without which France cannot abandon the double standard, to come from?

It certainly cannot come from the current mining supply, now down to 101 millions of dollars, and of which, according to the estimate of the London *Economist*, three-fourths are needed to maintain the gold coinages and consumption in the arts, in the countries which coin gold, leaving only one-fourth for the supply of the rest of the world, and for that increase

of gold coins needed for the advancing needs of mankind. The *Economist* estimates that Great Britain alone requires five millions sterling annually. This may be too high an estimate, as the excess of British gold imports over exports from 1857, when official accounts were first kept, to June 30, 1877, was at a less annual average rate, viz.: £4,314,546, or $20,925,549. France, besides its silver coins, has a gold coinage computed to exceed that of Great Britain by one-fifth, and must in all ways, in the arts and keeping up its gold coinage, consume at least as much. Large amounts of gold are used in those parts of the world in which it is not employed as money. In the forty years ending in 1875 India absorbed it to the amount of 500 million dollars, or at the rate of twelve and one-half millions per annum. The visible stock in coins and bars in all quarters does not exceed the one-half of the 3,215 million dollars mined since the California discoveries. A sum equal to the other half and all that was in existence before 1848, has disappeared in consumption. It is the most childish folly to suppose that without some miraculous new discovery, France can replace 300 million dollars of silver with gold, and especially while Germany is straining every nerve to obtain gold.

Without a final abandonment of specie payments, the only change in the condition of things which could make it possible for France to give up 300 millions of silver, is a change which, from the nature of it, can only take place gradually and in a long period of time. The French have, so far, resorted far less than the English have to the various expedients by which the use of money is economized. The ordinary practice of their trading classes has been, and is even now, to a great extent, to keep their money in their own possession instead of depositing it in banks. The tendency of their habits, in this respect, is in the direction of approximating to those of their British neighbors, and the time may come when they will employ, relatively, no greater an amount of money, metallic, or of any kind. In that case, they could part with 300 millions of silver without replacing it with gold, but such changes in national habits are slow, and especially with the French, who seem to be vivacious and versatile only in politics, while in trade and finance they stick to old fashions with a conservative tenacity quite equal to that of the phlegmatic Dutch. Whatever silver France parts with by a change in its habits, will flow in a very gentle stream, and does not threaten an inundation of the United States, or of any part of the world.

MINTS, COINAGE AND THE TRADE DOLLAR.

BY GEORGE R. GIBSON.

The aboriginal money among the American Indians was wampum, which according to Sumner was first made a legal tender in Massachusetts for 12d., but by custom became the prevailing currency. The early colonists introduced the customs obtaining in the mother country, and in this way pounds, shillings and pence became the money of account. The first money coined in America was the "Pine Tree" coinage of 1652, which was in denominations of shillings, six, three and two pences, and for thirty years never changed its date.

After the war of the Revolution, Connecticut, New York, New Jersey, Vermont, Massachusetts, and some other States established mints, but their coinage was in small denominations. On December 6, 1790, Congress resolved that a mint should be established, and on April 2, 1792, it was authorized by Act of Congress to be located for the time being at the seat of Government. This act threw off allegiance to the British monetary system, declared a dollar to be the unit, and required the money of account to be expressed in dollars and cents.

According to reliable authorities the establishment was ready for business in September, 1792, and the first National purchase for coinage was six pounds of copper at 10s. 3d. The first issue of coin occurred on March 1, 1793, and consisted of 11,178 cents. The first deposit of silver was on July 18, 1794, and the first deposit of gold was on February 12, 1795. Up to the 30th of June, 1877, its aggregate coinage was 608,806,055 dollars. On March 3, 1835, branch mints were established in Charlotte, N. C., and Dahlonega, Ga., for the coinage of gold and at New Orleans for the coinage of both gold and silver. They began operations in 1838 and continued until 1861, during which period their coinage was as follows:

New Orleans	$70,208,652
Charlotte	5,048,641
Dahlonega	6,121,919
Total Southern coinage	$81,379,212

In 1854 an assay office was established in New York and the San Francisco mint went into operation. Assay offices were established at Denver, Col., in 1864; at Boise City, Idaho, in 1872; and at Helena, Montana, in 1876. In 1863 Congress authorized the establishment of a mint at Carson,

Nevada, which was completed for occupation on January 9, 1870, between which time and June 30, 1877, its coinage has been $20,048,143.

The assay office at Dahlonega is discontinued, and since the war no money has been coined in the South. The Act of April 2, 1792, authorized the coinage of the gold eagle, half eagle, quarter eagle, silver dollar, half dollar, quarter dollar, dime and half dime. The double eagle and gold dollar were authorized March 3d, 1849; the three-cent piece March 3, 1851; the three-dollar gold piece February 21, 1853; the trade dollar February 12, 1873; the twenty-cent piece March 3, 1875.

The devices on the silver dollars and dimes have been changed five times; on the quarter dollar four times, and half dollar three times. The ratio between gold and silver from 1792 to 1834 was 1 to 15, and from 1834 to 1873 1 to 16. The former over-valued and the latter under-valued silver which was worth 1 to 15½ in France. The result was that silver was exported and a dearth of small change ensued, which was remedied by the Act of February 21, 1853, reducing a dollar of fractional silver from 412½ grains standard to 388 grains and limiting its legal-tender quality to $5. The mint laws were remodeled from time to time until they became somewhat of a Mosaic; the system was in a measure chaotic and crude, and the Coinage Act of 1873 lifted the whole service to a higher plane of usefulness and efficiency. The branch mints, which prior to this time were subject to directions from the Philadelphia mint, now assumed independent relations and were all placed under the direction of the Mint Bureau, which this Act established in the Treasury Department. Under the old system the Assistant Treasurers of the United States were ex-officio Treasurers of the Mint, but under the law of 1873 these duties were transferred to the superintendents of the mints. The nominations of employees are now made by the operative officers, and the appointments and removals are made by the superintendent and submitted for approval to the Bureau. A thorough system of checks, balances and routine regulations were prescribed, of no special interest in this connection.

Dr. H. R. Linderman, the Director of the Mint since the passage of this law, is a native of Pennsylvania, and for twenty-four years has been in the mint service. Born in 1825, the son of a prominent physician, at the early age of twenty he began the practice of medicine. Gifted with an aptitude for monetary science, in 1853 he abandoned his profession and entered the Mint at Philadelphia where he was made chief clerk. In 1867 he was appointed Director of that establishment, as the Superintendency was then designated.

In 1869 he resigned and for several years was engaged as confidential agent of the Treasury on important monetary missions. As Director of the Mint and through his elaborate reports he has won for himself recognition at home and abroad as the very highest authority on all coinage questions. To Dr. Linderman more than any one else is the United States indebted for the foresight to discern the benefits of the trade dollar and for his strenuous exertion to introduce it.

The most interesting chapter in the history of American bullion and coinage operations is that which relates to the Pacific coast. California had scarcely been ceded to the United States and the *regime* of drowsy monks superseded by hardy pioneers when the gold discovery caused a great influx of population, which founded here a romantic and unique civilization. The coins in circulation were necessarily of a heterogenous character, and gold-dust was naturally utilized. Custom duties being payable in coin, according to early chroniclers "a corner" was often made in minted money, and dust which was nominally worth $16 an ounce occasionally declined to $8 and $10. The demand for uniform coins was not met by the Government, so private and corporate establishments responded to the emergency. Coins in denominations of $5 and $10, approximating within fifteen to fifty cents of standard, were issued by numerous companies, such as the "Miners' Bank of San Francisco," "The Oregon Exchange Co.," "The Cincinnati and California Co.," "The Massachusetts and California Co.," and $25 pieces by Templeton Reid. Octagonal gold pieces worth about $50 called "slugs" circulated freely, also Mormon coins issued in Utah.

On September 30, 1850, a Government assay office was established in San Francisco by Act of Congress and its issues were in imitation of National coin. The unrivaled treasures of the gold coast soon convinced Congress of the necessity for a mint on the Pacific, and in July, 1852, its establishment was authorized, and on April 1st, 1854, it opened for coinage. From that date until September 30, 1877, its coinage was $489,265,582. A comparison of the coinage of the American mints during the decade immediately preceding the gold discoveries, with the succeeding ten years, will demonstrate the momentous impetus it gave to the coinage. From 1839–1848 inclusive the aggregate amount was $73,921,726.62, and from 1849–1858 inclusive $379,778,000.85, or more than five times as great as the former period. The increasing bullion receipts in San Francisco and the marvelous silver deposits discovered in the mountains of Nevada, rendered wholly inadequate the accommodations of the old mint building. Congress appropriated $1,500,000 for a building commensurate with the increased requirements,

its construction was confided to competent hands, and in 1874 it was completed with an unexpended balance of $30,000 in the construction fund. On November 5, 1874, this noble and imposing edifice on the corner of Fifth and Mission streets was occupied. It is far within the bounds of truth to pronounce this the finest mint in the world and a mighty arsenal for forging the peaceful weapons of enduring commercial conquest.

The Superintendent, Gen. O. H. La Grange, is one of the most talented and remarkable men ever connected with the mint service of the United States. He was born in New York in 1838, and at an early age removed to Wisconsin, where he received a good education. In 1861 he enlisted in the volunteer service, was unanimously elected Captain, and at the early age of twenty-four this brilliant young cavalry officer was brevetted Brigadier-General. After the war he finished his legal studies, was admitted to the Bar, and in 1866 removed to California, to devote himself to his profession. Upon the accession of Gen. Grant to the Presidency, from personal knowledge and without solicitation he appointed Gen. LaGrange Superintendent of the United States Mint at San Francisco, the duties of which office he assumed August 14, 1869, and has since exercised with signal ability. It is proper to digress for a moment to remark the fact that in California a jealous and unconscionable local faction have for several years resorted to the most indefensible tactics to manufacture political capital. The systematic, savage and unfounded attacks upon private and official character is its stock in trade. The mint came in for its share of abuse, and the appointment of a Commission to investigate the Treasury offices on this coast, which is but one instance of the very commendable policy instituted by the Secretary of the Treasury, coming on the eve of an election, afforded this political faction an opportunity to give expression to its most selfish purposes. Every opportunity was afforded it, by the impartial and able Commission, and every transaction of the mint subjected to a microscopic scrutiny, from which very few private institutions of an equal magnitude could so successfully emerge. The examination disclosed the fact, that during the past eight years, in transactions embracing many millions, conducted by a small army of employees, that one or two clerks had been guilty of irregularities, and that the old mint law was inferior to the present system. This inquiry further developed the fact, that the mint at San Francisco is in a state of remarkable efficiency and of high credit among its patrons. Every banker and bullion depositor in San Francisco testified in the most emphatic manner that they had faith in its skill, efficiency and fidelity; that their assays were better than in London or New York; that their coin returns were prompt and accurate, and in

the language of one depositor, "The mint is infallible." During the past fiscal year the legal wastage allowed F. X. Cicott, the Coiner, was $60,616.65, the actual loss was only $8,747.75. The loss allowed Alexander Martin, Melter and Refiner, was $111,426.64, and the actual loss only $6,346.38. In relation to the assay department in charge of Dr. O. D. Munson, Professor Price, a private assayer of high repute, testified that the result of "the assays are superior to nearly all in England and equal to the best in this country." In view of the important role this mint must play in the resumption and maintenance of specie payments, these facts assume a National interest.

Within the last eight years the mint has made six reductions in wages, and according to statistics prepared by Mr. M. V. Davis, a special employee of the Mint Bureau, the cost of handling a ton of metal has been reduced by the present Superintendent from $5,493 a ton on his installation to $1,155 in 1877. The superior efficiency of the force at present employed appears in the fact, that each employee during the previous administration worked on an average less than two tons of metal, whilst during this administration the average is over five tons. Had the expense of coining operations not been reduced and the labor performed by each individual increased, the force required to-day would be 840 instead of 276, the number actually employed. The largest year's coinage was the fiscal year 1876–77 of $46,101,500. The largest month's operations, March, 1877, of $6,878,000. The coinage for July and August of this year averages over $6,000,000, or at the rate of $72,000,000 per annum. The magnitude of its operations can best be appreciated by a comparison of British and California coinage for the calendar year 1876, estimating pounds sterling at $4.86:

London	$23,906,349
Melbourne	10,322,640
Sydney	7,984,980
	$42,213,969
San Francisco	42,704,500

The total Pacific and Australian coinage compares as follows:

San Francisco, April 1, 1854, to June 30, 1877	$473,566,582
Carson, Nev., January 8, 1870, to June 30, 1877	20,048,143
	$493,614,725
Sydney Mint, May 14, 1855, to Dec. 31, 1876	192,562,920
Melbourne, June 12, 1872, to December 31, 1876	33,862,050
	$226,424,970

The total coinage from January 1, 1793, in England and Australia, gold and silver, is $1,438,212,973; American mints from 1793 to June 30, 1877, $1,203,823,892. If the present

relative rate of coinage is continued to the end of this century, America will be far in advance. The report of the Deputy Master of the Royal Mint, London, for 1876, states that coinage operations were suspended for five months out of last year, though owing to the pieces being in large denominations they reached the average coinage. The report reads:

"A large part of the machinery is of obsolete and inconvenient construction and quite inadequate to meet the normal demand for coin, and its general condition and arrangements are such that it is almost impossible to provide against the occurrence of accidents, which may again render necessary a prolonged suspension of the operations of coinage, and give occasion to various complaints."

The London *Economist*, in commenting upon this deplorable condition, said that "The British mint has notoriously the most old-fashioned and rickety machinery of any coinage factory in the world." Ernest Seyd, after sharply criticising the British mint in his "Bullion Exchanges," declares that "The American mints are much superior to the British and French for compactness of building, cleanliness and efficient machinery." The seriousness of such defects and the intimate relations between mints and specie payments are apparent from this language of the Deputy's report. "It can only be considered fortunate that this break-down was averted until a gold coinage of £5,000,000 had just been completed, and the demand for coinage generally was not likely to be pressing. If it had occurred while gold coin was required, it is unnecessary to point out the serious consequences which would have been entailed. The fact remains, that if at this or some other important point the machinery of the mint should become unserviceable, a demand for gold coin could in no way be met, and *the Bank of England might find it impossible to maintain a supply of coin for the payment of notes.*" The preceding array of facts and figures show beyond controversy that our American mint system, headed by the best appointed and managed mint in the world at San Francisco, is positively and relatively well qualified to meet under proper encouragement all the requirements of the era of specie payments which is now happily dawning.

THE TRADE DOLLAR.

The trade dollar feature of American coinage which has exercised a very potent influence upon the value of American silver, and contributed a new impulse to our Asiatic trade, is so imperfectly understood on the Atlantic seaboard, that it needs more than a passing notice.

On December 4, 1871, the coinage law of Germany, though not abrogating the legal-tender quality of silver, prohibited its coinage into large pieces, and clearly indicated its

approaching demonetization. Though the decisive step was not taken until July 9, 1873, it was apparent throughout the year 1872 to all intelligent observers, that silver was likely to suffer considerable aberrations, if not a permanent decline in value. The American coinage law of 1873 was calculated to add fuel to the flame, and by discrediting one of our own most important native products and canceling the option of silver payments on our National obligations and private contracts to accelerate the decline. Its tendency to injure our producers of silver bullion was in a measure compensated by the provision for coining a trade dollar of a proper value to compete with the Mexican dollar in the Oriental trade. Its legal-tender quality for $5 was not a permanent feature, and was abolished June 24, 1876. There is a very close correspondence between its value and that of the Mexican dollar and Japanese yen, both of which it out-ranks:

The old dollar contains	412½	grains,	900	fine at	par......	100.00
The Trade................	420	"	900	"	"	101.82
The Mexican............	417.88	"	902.77	"	"	101.62
The Japanese yen.......	416	"	900	"	"	100.85

The trade dollar contains three-quarters of a grain more pure silver than the Mexican dollar, and by law is only allowed a deviation of 1½ grains, a limit never reached, whilst the Mexican dollar varies from 1⅓ to 4¾ grains. The Mexican dollar early found its way into the Chinese Empire, which has no national coinage, where it was established as a legal tender. It was an object of considerable speculation and at times commanded a high premium.

In 1863 *The Government Gazette* of Hong Kong published this official pronunciamento: "The dollar of Mexico, or other silver dollars of equivalent value as may from time to time be authorized by the Government at Hong Kong, shall be *the only legal tender of payment* within our island of Hong Kong and its dependencies."

In October, 1873, a proclamation of which the following is an extract was issued in the provinces of Canton: "This proclamation therefore is for the information of you merchants, traders, soldiers and people of every district. You must know that the Eagle trade dollar that has lately come to Hong Kong has just been jointly assayed by officers specially appointed for the purpose, and it can be taken in payment of duties and come into general circulation. You must not look upon it with suspicion."

The slow and skeptical population of China does not readily accept any innovation, and for a while the Mexican dollars, though inferior in value, were preferred; but the merits of the trade dollar are now recognized, and the circuit of its constituency is widening, until it even embraces Singapore and the Straits Settlements.

Since silver is demonetized in the United States and only utilized recently as a substitute for fractional paper currency, taken in connection with the fact that Nevada, the richest silver district in the world, is pouring its silvery stream upon the San Francisco market, it has been a matter of surprise to some why silver in this city should generally equal if not exceed London quotations. The trade dollar is the most important factor in the explanation. Prior to its introduction most of the doré silver from the mines, not being required in domestic circulation, gravitated, as also did most of the Mexican silver to the world's great clearing house, London, where it was trans-shipped to China. This was a circuitous route, but the tyranny of custom, and London's intimate commercial relations with China, Japan and India were sufficient to deflect the exchanges from their natural channel.

San Francisco—linked to China by two powerful steamship lines, to New York by a trans-continental railway—the entrepôt of the bullion of California, Nevada and the Territories, is preëminently qualified to act as the arbitrator of Oriental and European exchange. But silver bars could not compete with Mexican dollars from London, and it was not until the trade dollar was coined that San Francisco could assert itself. The shipments from this port for the last five fiscal years were as follows:

1873	Silver Bullion...	$ 1,730,398	... Trade Dollars........	none.
1874	" " ...	2,004,944	... " "	1,905,122
1875	" " ...	87,007	... " "	4,405,420
1876	" " ...	979,881	... " "	4,477,227
1877	" " ...	2,731,012	... " "	8,129,663
	Total exports of Trade Dollars from this port.................			18,917,432

The total coinage of trade dollars is as follows:

1873–4..	$ 3,588,900
1874–5..	5,697,500
1875–6..	6,132,050
1876–7..	9,162,900
	$ 24,581,350
Of which San Francisco coined...............	18,065,000
" Philadelphia "	2,714,950
" Carson "	3,801,400

The Carson mint for the past three months has confined itself exclusively to trade dollars, and the Philadelphia Mint during the same time has greatly increased its average. During the first quarter of the fiscal year 1876–77 the coinage of trade dollars in the three mints was $525,000, while during the same period, July, August and September of this year, it was $5,054,000, or nearly ten times as great, showing a remarkable increase in the demand.

The comparative smallness of the coinage and export is no criterion as to the effect the trade dollar has had upon the silver bullion values of this coast. Those who are best informed in financial circles have expressed the opinion, based upon intelligent and conscientious investigations, that the mere fact of converting silver into the acceptable and convenient form of trade dollars, which are practically supplanting Mexican dollars as a medium of exchange in China, has had the effect of appreciating the value of the silver bullion produced upon this coast about two per cent. or the cost of transportation to London.

San Francisco shippers have filled large telegraphic orders and made shipments to China on British account. Financial institutions here are furnished with credits from Anglo-Indian banks and draw bills on London, investing their proceeds in silver for China. Occasionally large importations of tea and silk, and an extraneous demand for exchange, not offset by exports of flour and quicksilver, will force the price of silver above London quotations. Even then it may be advantageous for silver to be purchased here on British account, because San Francisco is 5,500 miles nearer China than is London by Suez, and the transfer can be much more speedily made, besides procuring freight and insurance from quarter to half per cent. cheaper than from London. The estimate has been made that for each million of dollars shipped from San Francisco to China $30,000 is left in this city, in the shape of commissions, insurance, freight, etc. The trade dollar being solely a trade coin, its value in the market fluctuates from London quotations, rising above par when the demand for China shipment is in excess of supply and declining when the equilibrium between supply and demand is restored.

The German Government has debated the propriety of finding relief from its silver by introducing a trade coin, and the London *Economist*, that faithful monitor of British interests, in its issue of July 14, 1877, reads as follows:

"Meanwhile our Government is being urged to issue a British trade dollar, and the stamp of our Government as a guarantee of the weight and fineness of the silver would it is believed command a wide currency. To all the silver-using countries of the East the introduction of such a coinage would prove very advantageous, while to us it would also prove to be very beneficial by opening up a new outlet for our Indian silver. It seems very desirable, therefore, that the experiment be made."

The pressure upon the approaching Congress is likely to be so powerful, that the old silver dollar will be restored to its lost estate. This is the heroic mode of treatment, but it is difficult to discern all the interlacing consequences to flow from such an act. The suggestion is made that the

transition to silver should not be so violent as to disturb values or inundate our country with European silver, though it is very apparent, with our volume of debt and business, silver must be utilized. There are two alternatives that it would be wise to choose from. First, the old silver dollar might be coined on Government account, the profit accruing to the Treasury as is now the case with subsidiary silver; or, second, the trade dollar, which approximates more nearly to gold value than the old dollar, might be made a legal tender, limited at first say to one hundred dollars. This latter plan would have the advantage of introducing into domestic circulation a coin which, if redundant, could easily be utilized for China export. It is an assured fact, that the trade dollar is the open-sesame to Oriental commerce, and as the depositors of silver for trade dollars pay the mint a seigniorage of 1½ per cent., equal to cost of coinage, no valid reason can be given for limiting or prohibiting their coinage.

Any legislation by Congress looking to an increase of silver coinage by the American mints, unaccompanied by an adequate appropriation will be prejudicial, if not fatal to the trade dollar, unless it be the coin selected as a legal tender.

In all the departments of industry, in manufactures, agriculture, steam, railway and telegraphic communication, the world has made gigantic strides during the last century, but it is very doubtful if the improvements in financial methods have kept pace. Money, the creation of man's ingenuity, puzzles and confounds its creator. The financial world is still perplexed with varying monetary standards, the fallacies of inconvertible paper money and incongruous coinages. Though it is not always easy to discover the remedy, undoubtedly there are several financial reforms which would promote commercial intercourse and the better entitle Political Economy to the dignity of a science. An international ratio as advocated by M. Cernuschi would, if generally observed, obviate the difficulties of the varying supply and value of the two precious metals, and would inevitably render identical their market and bullion value. The joint use of gold and silver in an irrevocable ratio would practically merge the two metals into one standard. Then an international unification of coinage would be easily accomplished, and the coins of commercial nations, preserving their own denominations, devices and names would be coined with reference to a common system, and their legal circulation in all countries of the monetary union guaranteed. An identity of value between the pound sterling, five dollars, twenty marks, and twenty-five francs, combined with an unification of the laws regulating bills of exchange, would effect a great economy in the conversion of the coins

of one nation into those of another, and would loosen one of the most inconvenient fetters which now obstruct trade and intercourse. These reforms would be to commerce what an universal language would be to literature.

SAN FRANCISCO, October, 1877.

THE BANKERS' LEAGUE OF THE STATE OF NEW YORK.

An Association, having its head-quarters at Auburn, has been formed under the foregoing title. Its object is stated to be for the mutual protection and benefit of its members—more especially to provide a fund for the relief of the families or friends of deceased members, and in a suitable manner to care for and protect them. The number of Trustees or Managers of the Association is seven.

The conditions for membership, as provided by the Constitution, are that

"Any man of good moral character and good general health, not over fifty nor under eighteen years of age, residing within the State of New York, who has at the date of his application and has had, for one year immediately prior thereto, capital invested in the business of banking, or who is connected with any reputable bank or banking firm of said State, as Trustee, Director or Employee, is eligible to membership in this Association."

The initiation fees for membership are classified as below, the years specified being inclusive, viz: from 18 to 25, three dollars; 26 to 33, four dollars: 34 to 41, six dollars; 42 to 49, eight dollars. Each member is to pay one dollar per year for dues on the first of May in each year. Upon the death of any member each surviving member shall pay an assessment of two dollars, except as otherwise provided.

The application of the funds of the Association is provided for in Article vi. of the Constitution as follows:

"SECTION I.—The amount arising from the payment, by each newly-admitted member, of two dollars for first assessment, together with the assessment ordered by the Executive Committee of two dollars upon each other member, shall be placed in bank as a special deposit. Upon suitable proof of the death of any member of the Association, the Committee shall pay this amount so collected (less five per cent) not exceeding five thousand dollars, to the person or persons whose names shall, at the time of the death of such member, be found recorded as his last designated beneficiaries, or in case of their death to their legal representatives or heirs, and the receipt of the proper party in either case shall be conclusive and final, except when such member shall have, in his last will and testament, left the amount to other parties than the ones designated on the books of the Association, and legal notice of the probate of such will shall have been served upon the Secretary of the Association before the payment of the loss shall have been made. Immediately after having ordered the payment of a death-loss, the Executive

Committee shall order another assessment to be made of two dollars upon each member, to be used in like manner, except in cases coming within the provisions of Section 3 of this Article.

The provision of Section 3 referred to is to the effect that whenever the amount in the general treasury shall exceed by the sum of $2,000 an amount sufficient to pay a death-loss, the death-loss next following is to be paid from such amount in lieu of the usual assessment of $2.

The Board of Officers for 1877–78 consists of the following named gentlemen:

President—Matthew J. Myers, Syracuse, N. Y. *Vice-Presidents*—Charles A. Noble, Auburn, N. Y.; J. Renwick Campbell, Rochester, N. Y. *Secretary and Treasurer*—T. William Meachem, Auburn, N. Y.

Executive Committee—Auburn, N. Y.: Charles C. Button, Chairman; George B. Longstreet, William S. Downer, George M. Watson, Charles A. Noble.

Advisory Committee—Auburn, N. Y.: Hon. Charles N. Ross, William H. Meaker, E. S. Newton, Charles O'Brien.

The object of this Association is so excellent that all must wish it full success. Mutual life insurance societies of this character have not been prosperous, as a rule; mainly from the difficulty in collecting the assessments made upon the death of a member. It is maintained by the projectors of the Bankers' League that it has several marked advantages over such societies in general. In the first place, the grade of character in its members is higher than the average. The mere fact that a person is employed in a bank is in itself to some extent a certificate of honesty, if not a guarantee. His answers to questions in the application for membership are therefore entitled to belief. This is likewise true of the endorsers who are required for each applicant. Next, bankers are, as a rule, more regular in their habits than are men in any other vocation. The Travelers' Association furnishes to its members insurance at a lower rate than that at which Bankers can insure in a Life Insurance Company; yet its members are constantly exposed to the vicissitudes of railway travel and to the health-destroying influence of irregular meals and broken rest. Furthermore, bankers change their business or their location so seldom that their antecedents and associations are comparatively easy of investigation. It is believed, moreover, that bankers from force of habit, if from nothing else, will prove generally more prompt in remitting assessments than men in any other calling. At the same time the *cost* of remitting will be saved, which, being equal to five per cent. of the amounts paid, will be in the aggregate a considerable saving. Finally, the Bankers' League has no office-rent to pay, employs no soliciting agents, does not advertise in any newspapers, and hopes to employ no lawyers.

THE UNITED STATES SILVER COMMISSION.

The report of the joint committee of Congress has now been printed. The result of the inquiry as to the amount of silver production in the United States is given below. The report quotes a German opinion that the fabulous production of the Nevada mines is one of the three principal causes of the depreciation of silver, and then states as follows:

The yield of every mine in Nevada, annually, for sixteen years, has been ascertained with precision, and of the larger mines the yield by months. The statistics have as yet been collated only for the callendar years 1871 to 1876, inclusive; the previous years, being of less importance in the present connection, have been left for future attention.

In addition to this work, the testimony of the persons in San Francisco who have compiled the generally accepted statistics of the production of the precious metals in this country, was taken with the view of ascertaining their methods of computation and the reliability thereof.

Briefly, the investigation shows that the product of the Big Bonanza thus far has not exceeded $52,500,000 during the four years that it has been worked, making an annual average of about $13,000,000, of which forty-five per cent. was gold, leaving for the average annual product of silver from this ore-body a fraction over $7,000,000.

Taking all the mines of the Comstock lode together, during sixteen years of unprecedented activity in mining, assisted by the most perfect and powerful mechanical appliances, there have been found some twelve or thirteen ore-bodies, which have yielded together, about $240,000,000, or an annual average of $15,000,000, of which about forty-seven and one-half per cent., or $7,125,000 was gold, leaving $7,875,000 as the average annual production of silver.

The silver product of the State of Nevada has been collated only for the six years ended December 31, 1876. During this period the average annual product was $19,000,000 and for the year 1876 by itself only $28,000,000, instead of $100,000,000 so confidently stated by the *Reichsanzeiger*.

The silver product of the United States during the same period was $155,600,000, making an annual average of $26,000,000; the product for 1876 by itself was $38,200,000. When these returns are contrasted with the computations which have hitherto obtained currency, it will be seen that the latter have uniformly and greatly exaggerated the production of silver in this country.

After an elaborate discussion of the various questions involved, the conclusions of the majority of the committee are as follows:

1. The first question relates to the causes of the recent change in the relative value of gold and silver, and to the effect of that change upon "trade, commerce, finance, and productive interests of the country."

This commission concur in the following opinion of the British Silver Commission (1876):

Notwithstanding the late rise in the production of silver as compared with gold, its proportion to gold is still considerably below what it was in 1848, to say nothing of the period when the proportion was three to one; and the conclusion seems justified, that a review of the relations of the metals in times past shows that the fall in the price of silver is not due to any excessive production as compared with gold.

It is not now seriously maintained anywhere that any recent fact in the production of silver is among the causes of its decline relatively to gold.

The causes of the recent change in the relative value of gold and silver are

mainly the demonetization of silver by Germany, the United States and the Scandinavian States, and the closure of all the mints in Europe against its coinage. These principal causes were aided by a contemporaneous diminution of the Asiatic demand for silver, and by enormous exaggerations of the actual and prospective yield of the Nevada silver mines. The effect of all these causes, principal and accessory, reached its culminating point in the panic of July, 1876, in the London silver market. Many of these causes are essentially temporary. The Asiatic demand for silver has already recovered its accustomed force, and the delusions in respect to the Nevada mines no longer exist. In the opinion of the commission, if the United States restore the double standard, the spread of the movement in favor of a single standard of gold will be decisively checked.

The exchanges of the world, and especially of this country, are continually and largely increasing, while the supplies of both the precious metals, taken together, if not diminishing are at least stationary, and the supply of gold, taken by itself, is falling off. To submit the vast and increasing exchanges of this country and the world, to be measured by a metal never reliable in its supply, and now actually diminishing in its supply, would make crisis chronic and business paralysis perpetual.

2. The second question covers the two points of the restoration of the double standard in this country, and of the best legal relation between gold and silver. The commission recommend the restoration of the double standard and the unrestricted coinage of both metals, but are unable to agree upon the legal relation which should be established between them. The views of individual members of the commission upon this last point are hereto appended.

3. The third question relates to "the policy of continuing legal-tender notes concurrently with the metallic standards, and the effects thereof upon the labor, industries and wealth of the country." The commission do not suppose that it is possible to maintain paper in actual concurrent circulation with coin, unless the paper is made equal in market value to coin, by actual convertibility into it, and that the answer to this question may be embraced in the answer to the fourth and last question, which relates to the resumption of specie payments.

4. The fourth question covers "the best means for providing for facilitating the resumption of specie payments." The opinions of the witnesses examined upon this point, and the views upon it which are contained in written communications addressed to the commission, are various and contradictory. The experience of other countries furnishes little aid in reaching conclusions which can command confidence.

The commission believe that the remonetization of silver in this country will have a powerful influence in preventing, and probably will prevent, the demonetization of silver in France and in other European countries in which the double standard is legally and theoretically maintained. But if, notwithstanding remonetization here, further European demonetization shall take place, the result for us will be an advantageous exchange of commodities which we can spare, for money which we need. The silver of Europe, disposable in the event of further demonetizations of it on that continent, will come to us, if at all, in payment for commodities, and in transactions which will be free and voluntary on the part of our citizens, who may be trusted to take care of their own interests.

Finally, the commission believe that the facts that Germany and the Scandinavian States have adopted the single gold standard, and that some other European nations may possibly adopt it, instead of being reasons for perseverance in the attempt to establish it in the United States, are precisely the facts which make such an attempt entirely impracticable and ruinous. If the nations on the continent of Europe had the double standard, a gold standard would be possible here, because in that condition, they would freely exchange gold for silver. It was that condition which enabled England to resume specie payments in gold in 1821. The attainment of such a gold standard becomes difficult precisely in proportion to the number and importance of the countries engaged in striving after it; and it is precisely in the same proportion that the ruinous effects of striving after it are aggravated. To propose to this country a contest

for a gold standard with the European nations is to propose to it a disastrous race, in reducing the prices of labor and commodities, in aggravating the burdens of debt, and in the diminution and concentration of wealth, in which all the contestants will suffer immeasurably, and the victors even more than the vanquished.

The report is signed by Messrs. John P. Jones, Lewis V. Bogy, George Willard, R. P. Bland and Wm. S. Groesbeck.

Messrs. Jones, Bogy and Willard, in a minority report, state it to be their opinion that the proper legal relation of value to be established in the United States between silver and gold is 15.5 to 1. Mr. Groesbeck, in another minority report, favors the old dollar standard, and Mr. Bland concurs.

Mr. Boutwell reports that in his opinion it is not now expedient to authorize the coinage of the silver dollar, making it a legal tender for all purposes except such as are otherwise specially provided for by law or by contract, as suggested by the first of the inquiries submitted to the commission. His minority report also expresses the "opinion that it is expedient for this Government to extend an invitation to the commercial nations of the world to join in convention for the purpose of considering whether it is wise to provide by treaties and concurrent legislation for the use of both silver and gold in all such nations upon a fixed relative valuation of the two metals; and, finally, that until such an agreement between this Government and other commercial nations can be effected, the United States should pursue the existing policy in regard to the resumption of specie payments."

The minority report of Professor Francis Bowen, concurred in by Mr. Gibson, appeared in the August number of the BANKER'S MAGAZINE.

BOOK NOTICES.

Money and Legal Tender in the United States. By H. R. LINDERMAN. New York: G. P. Putnam's Sons. 1877.

Mr. Linderman's high reputation as an accurate and well-informed statistical writer, who has given more attention than almost any other economist in the United States to certain departments of the monetary question, will cause this book to be widely read independently of its great intrinsic value. The late hour at which we received the work precludes us from giving to it so thorough an examination as it ought to receive. We must therefore defer our more complete notice to a future occasion. The first fourteen chapters of the volume are devoted to a general survey of the rudimentary and technical details as to the terms used in treating of Mints and Coinage, the legislative authority vested in Congress on the subject, the money standards established in the United States at various periods, the coinage charges and the gain from the issue of minor coins, with information as to the trade-dollar and the valuation of foreign moneys. The second part of the book on the Issue of Legal Tender Paper, commences at the fifteenth chapter, and is followed by a brief, lucid exposition of the laws and regulations for the payment of all the United States obligations in coin. The last and most elaborate chapter treats of Silver Remonetization and Resumption. It contains a large amount of information arranged in clear order, and adapted for popular reading as well

as for the use of members of Congress and others who desire to explore accurately and thoroughly the facts and principles involved in the discussion of the preliminary conditions and probable effects of the resumption of coin payments in the United States at the beginning of the year 1879. To show Mr. Linderman's position and to illustrate the style of his book we give the following extract on Resumption, with which the volume closes:

"If coined without restriction or limitation of legal tender, silver will, as far as can now be seen, become the actual money standard to the exclusion of gold. This it is clear we cannot afford. If the coinage of the silver dollar is to be authorized, the true policy would appear to be to place such restrictions upon its issue and its legal-tender character as will prevent the depreciation of United States notes before resumption, or the expulsion of gold from the country after resumption. Notwithstanding twelve years only have elapsed since the close of the war, which called the issue of legal-tender credit-money into existence, the public credit has been gradually improved, until a near approach to the metallic standard has been effected—a result alike honorable to the people and Government of the United States. In view of this creditable achievement, and of the unquestionable advantages of a metallic standard over one of irredeemable paper money, it cannot be doubted that our true policy is to keep the resumption of specie payments steadily in view, and avoid all doubtful measures, even though they should promise temporary advantages. Whenever the value of United States notes shall have fairly risen to par, whether through compulsory redemption, or as a result of a specific date having been fixed by law for such redemption, or from other causes, the gold coin of the country, now in a dormant condition, will be brought into active use as money, and will not only produce a healthy stimulation of all industries but lay a secure foundation for a general and permanent prosperity. A careful survey of the money situation of Europe clearly indicates an early relaxation in the demand for gold for coinage purposes. Great Britain, Germany, France, the Netherlands, Belgium and the Scandinavian States, are all well supplied with gold money. Russia, Austria, Italy and Spain have a paper-money standard, and will be compelled to retain it for an indefinite period, and the European demand for silver must necessarily be quite limited for some years to come. In fact the tendency, except in the countries first named, is everywhere in Europe in the direction of increased issues of irredeemable paper money and the cheapening of both gold and silver. In our own country there is at least $175,000,000 of gold coin and bullion, and the annual gold product of our mines is, say $45,000,000. Of silver coin, there is about $40,000,000 in circulation, and the annual product from the mines approximates $35,000,000. Moreover, the balance of trade is now in our favor and likely to continue so. Altogether the situation is much more favorable than for some years past for the acquisition of the amount of precious metals required for placing the finances of the country on a metallic basis. Of gold, which should be our money of large payments, we have already the greater portion necessary; and silver, which with us will find its true place in small payments and trade coin, will be produced from our own mines, and come to us from other countries more rapidly than we can coin it. Let the statesmen of America see to it that the opportunity be not lost."

Railway Revenue and Its Collections. By MARSHALL M. KIRKMAN. New York: *The Railroad Gazette*, No. 73 Broadway. 1877.

Every page of this book proves its author to be possessed of two qualifications which very seldom go together. Mr. Kirkman is a practical railroad man, and he has collected in nine years, by methods which he details at length, 150 millions of dollars of railway receipts without the loss of a single dollar, although he employed in the work some four hundred constantly changing col-

lectors, agents and clerks. Secondly, our author has the ability to tell, in a clear, interesting style, what he wishes his readers to know, so that throughout the book the attention is kept alive and is rewarded. If this book were in the hands of stockholders in our railways, and if it were studied with due diligence, the era of speculative directors would terminate much sooner than now seems likely. At least, a new force would be brought into operation to destroy the power which such adventurers have so long used for evil.

Money and Its Laws: Embracing a History of Monetary Theories, and a History of the Currencies of the United States. By HENRY V. POOR. New York: H. V. & H. W. Poor. 1877.

The ancient and the modern theories of money differ in many points, but the chief difference is as to the true place and functions of coin as currency. This question is examined in the book before us, which is one of the most voluminous treatises ever issued on this specific subject. It contains over six hundred pages, and it is dedicated to Mr. George S. Coe of this city. Prior to the era of John Law few persons seem to have doubted that the proper material for money was metal. Copper, iron, bronze and mixed metals were used in exceptional instances, but from time immemorial the ordinary coins of commerce and trade were of gold and silver. In the seventeenth century this old time-honored theory met with several opponents, the most conspicuous of whom was John Law, to whom we have just referred. He held that to use the precious metals as the sole material for coinage, and to use coined money as the sole instrument of exchange, was a great waste, and he proposed to avoid such prodigality by coining credit and stamping pieces of paper with the denominations previously borne by the metallic coinage. Through this expedient he supposed that he could enrich governments and their people. Failing to obtain a favorable hearing in Scotland, his native country, he went to France where his plans received a long trial; and instead of enriching the government of that country they plunged it into the gulf of bankruptcy and ruin. His first scheme was to establish a land-bank, and to issue paper money based upon real estate. As no one would accept this and other enterprises founded upon his ingenious theories he determined in 1716 to establish in France, with the aid and permission of the government, a bank with a cash capital of six millions of francs. Taught by experience he conducted this bank for some years in a very conservative, sound method, and he was accustomed to say that every banker who issued notes without proper provision for their conversion into coin, was deserving of death. As a result of sound management, Law's bank became a useful and trusted institution and its credit was almost unbounded. Dazzled by success and urged by a needy government, Law relapsed into his early heresies. He began to issue notes on the guarantee of the government and these notes were in such excess that they speedily depreciated and involved the bank and the National Treasury of France in great disasters. Such was the origin of the paper-money theories of which we have heard so much since the suspension of specie payments in this country. Mr. Poor's book gives a careful summary of the opinions of most of the foreign and American writers on the subject. The history of opinion here and abroad on coinage and money is now being investigated with more industry and with better results than ever before. Mr. Poor's

work is therefore very timely, and to show what he attempts to do we give the following statement from his preface:

"The subject of money has been treated as coming within the range of the exact sciences; the conclusions being assumed to be in the nature of demonstrations. That they wholly contradict those laid down in the books, which have been accepted as fundamental truths for more than two thousand years, is due to the fact that a subject which could only be made to yield to rigid analysis has been treated after the manner of Aristotle and the schools. Although the laws of money are assumed to be sufficiently laid down in the first part of the work, the writer, from the universal prevalence of erroneous opinions, has lost no opportunity of illustrating them in the discussions which follow. If he have not in all cases clearly established the connection between his conclusions and premises, the reason will, he believes, be found in the fact that he has not, with all his efforts, yet been able entirely to emancipate himself from the methods of the economists and schoolmen."

First Principles of Political Economy with reference to Statesmanship and the Progress of Civilization. By Professor W. D. WILSON of the Cornell University. Philadelphia: Henry Carey Baird & Company. 1877.

Professor Wilson claims three distinct advantages for this new elementary treatise on political economy. First, he has attempted a new and somewhat original analysis, which has enabled him "to present the topics in a better order and arrangement, to give to the primary facts and principles clear and more precise definitions, and to make certain broader generalizations of scientific interest and practical value." With many merits the book has two defects. First, it aims within the limits of 350 pages to give a thorough exposition of several questions, any one of which might profitably occupy the whole book. Secondly, the treatise is addressed to young men whose information is limited and whose powers are undisciplined and crude. Hence, a great part of the book is necessarily taken up with the most elementary rudiments of the science. In many points it compares very favorably with other books of the same character published in this country, and in England there is no similar work quite equal to it, so far as we are informed. We have not the pleasure of knowing Prof. Wilson, but there is scarcely a chapter or a section in his book which does not indicate that he possesses singular qualifications as a teacher of political economy. One of his most distinctive advantages is that he, like Adam Smith, adopts as his maxim the advice of Newton to astronomical investigators to "prove and verify every theory by comparing it with known and well-observed facts." We had marked several extracts for quotation, but our space does not admit of their insertion, though we hope to find room for some of them hereafter, when a second edition of the work appears, which ought not to be long delayed.

A NEW SAFETY PAPER.—Some time since we mentioned that a process for rendering paper positively unalterable for "raising" purposes, by any chemical means, had been discovered by Mr. John Underwood, a chemist, of New Jersey. We are now informed that this process has thus far successfully withstood every attempt to take out any writing upon it, except by its complete destruction. The slightest tampering with chemicals, whether acid or alkali, is said to stain the texture of the paper beyond the power of restoration, and to make the writing completely indelible. Mr. Underwood is now engaged in arrangements for its manufacture and introduction to the public. It is to be hoped that this invention will be speedily and fully successful.

BANKING AND FINANCIAL ITEMS.

NOTICE.

Important Change.—The increasing number of changes and failures among banks and bankers render highly desirable a more frequent issue than heretofore of the **Banker's Almanac and Register.** In order to meet this growing necessity, the publisher announces a **semi-annual** issue for the year 1878, viz: the regular edition as usual in January, and a **corrected** edition of the entire list of Banks and Bankers in the United States and Canada, in July. The subscription price for the two will be **Three Dollars** only, in advance. The extra volume will not be for sale separately, nor will it be furnished to any but those whose orders shall come **directly** to this office. Further details may be found in the advertisement in the present number of the BANKER'S MAGAZINE (See cover, page ii).

Subscriptions will be received at any time. Orders for the **Cards** of Bank and Bankers, in the ALMANAC AND REGISTER for 1878 are now solicited.

THE NEW YORK CLEARING-HOUSE.—The following officers for 1877-8 were elected at the annual meeting held in October:

Chairman—Moses Taylor; *Secretary*—George Montague.

Clearing-House Committee—Jacob D. Vermilye; William M. Jenkins; Nicholas F. Palmer; Henry F. Vail; W. A. Hall.

Conference Committee—Frederick D. Tappen; Charles M. Fry; William Dowd; George S. Coe; Philo C. Calhoun.

Nominating Committee—Francis M. Harris; M. F. Reading; Amos H. Trowbridge; S. R. Comstock; John Parker.

Arbitration Committee—J. M. Morrison; W. A. Wheeler; C. F. Hunter; B. B. Sherman; Richard Berry.

Committee on Admissions—E. H. Perkins, Jr.; F. Leland; J. S. Jewitt; A. Hamilton; W. A. Falls.

NEW YORK.—On the afternoon of October 2d, financial and business circles were startled by the announcement that a heavy fraud on money lenders had been discovered, and that the party charged with the crime was a prominent and heretofore much respected insurance scrip broker, Mr. W. C. Gilman, whose office was at the corner of William and Pine streets. Mr. Gilman had standing in his name a number of certificates of insurance scrip for $100 and upwards, which prove to have been altered to large amounts and used as collaterals for loans. The forgeries were clumsily executed and became plain upon the first examination. The aggregate sum realized on them was about $250,000, of which $87,000 was obtained from the American Exchange National Bank, and $10,000 from Henry Talmadge & Co. Gilman surrended himself on October 13th, was tried and sentenced to five years' imprisonment.

On October 17th there was great excitement among the members of the Stock Exchange owing to the announcement that Mr. George T. Plume, a well-known broker, was a defaulter to a large amount, variously estimated at from $100,000 to $400,000. During the day Mr. Plume sent a formal note to the President of the Stock Exchange that he was unable to meet his contracts. Plume had been for many years a partner of his brother-in-law, C. A. Lamont, a wealthy broker, and on the latter's death in 1873 he was appointed executor of the estate. Becoming involved in stock speculations he had recourse to the funds committed to his care, and lost them. The amount in default is said to be something over $150,000.

The following dividends, payable on and after November 1, have been declared by New York City Banks, viz: Mechanics and Traders' National, three and a half per cent.; American Exchange National, two per cent.; Union National, four per cent.; Mercantile National, three per cent.

TRADE DOLLARS.—The second section of the joint resolution for the issue of silver coin, approved July 22, 1876, provides that "the trade dollar shall not hereafter be a legal tender, and the Secretary of the Treasury is hereby authorized to limit from time to time the coinage thereof to such an amount as he may deem sufficient to meet the export demand for the same." There being no export demand at present for the trade dollars, the Secretary of the Treasury has ordered the Director of the Mint to discontinue the receipt of deposits therefor at the several mints until further instructed, and a general order to that effect, applicable to all the mints, was issued on October 20th.

The Director of the Mint is in receipt of information, that the recent rise in the price of silver was due to the famine in certain districts of India, for which large quantities of rice were procured direct from Siam, and silver sent there in payment. The silver came from London, where the General Government freely supplied it.

A SILVER-DOLLAR BILL was introduced in Congress on October 22d, by Senator Jones of Nevada, the full text of which is as follows:

A bill to authorize the coinage of a dollar of 412½ grains standard silver, and for other purposes,

Be it enacted, etc., That as soon as practicable after the passage of this Act there shall be, from time to time, coined at mints of the United States, conformably in all respects to law, a silver dollar, the standard weight of which shall be 412½ grains, troy. And any owner of silver bullion may deposit the same at any coinage mint, or at the assay office in New York, to be coined into dollars for his benefit, upon the same terms and conditions as gold bullion is deposited for coinage under existing law; and,

Be it further enacted, That said coin shall be a legal tender, at its nominal value, for all sums, in all payments of debts, both public and private, excepting such as under existing contracts are expressed therein to be otherwise payable; and,

Be it further enacted, That no charge shall be made for coining standard silver bullion into dollars authorized by this Act.

NEW COUNTERFEIT.—A dangerous counterfeit $50 note, purporting to be of the Central National Bank of New York, was recently detected in Baltimore. The engraving is of very superior character, and the only differences to be observed between it and a genuine note are that the counterfeit is both a trifle narrower and shorter, while the paper on which it is executed is somewhat thicker, which latter circumstance led to its detection.

CALIFORNIA.—The Pioneer Land and Loan Bank of San Francisco suspended payment on the morning of October 8. The business of the bank was conducted on a basis peculiar to itself. The assets were in the main directly invested in real estate, the rents and increase in value of which were looked to for the profits of the institution. The failure was not a surprise to bankers in the city, as the impression was general that the affairs of the bank were badly managed. Events proved that the employment of its funds in stock speculations had ruined the institution, and that the manager, J. C. Duncan, had perpetrated extensive frauds by the issue of altered certificates of stock in the Safe Deposit Company. Duncan was the principal stockholder in that Company, and its Secretary was B. F. Le Warne, who manipulated the over-issue while Duncan hypothecated the stock. Both fled from the city. Warrants for their arrest were issued on the day of the failure. The number of fraudulent shares discovered is 4,149, and the amount realized on these is somewhere near $100,000. P. J. White was appointed Receiver of the bank. The vault was found to contain $966 in silver, a $10 gold note, $1.300 in valueless checks, a lot of empty envelopes which had apparently contained securities, and a few miscellaneous bonds of doubtful value. From what is known of the real estate assets and the Safe Deposit Company's stock it is doubted whether the bank's depositors will realize five per cent.

ILLINOIS.—The German-American Bank of Quincy suspended payment on October 11th. Its proprietors announced that they intended to retire from business and had made an assignment. A committee to examine the affairs of the bank was appointed by the depositors, and after investigation declare that it will pay dollar for dollar, being perfectly solvent. The assets are $230,000; liabilities $118,000.

IOWA.—The banking house of Twogood & Elliott, one of the oldest institutions of Marion, Iowa, closed its doors October 24th, because of a run. An assignment has been made to O. F. Richmond. The liabilities are stated as $150,000; assets unknown.

Villisca.—Messrs. W. S. Alger & Co. continue as heretofore the banking and exchange business at this point. The statement that they had been succeeded by another banking firm was an error.

MAINE.—A reduction of the deposit accounts of the Thomaston Savings Bank to seventy per cent. has been decreed by Court, and the bank will resume business immediately. Mr. Bolster, Bank Examiner of the State, considers the bank able to pay seventy-five per cent. and believes that depositors may derive some further benefit from the appreciation of stocks and other investments of the bank.

MARYLAND.—The Union Banking Company of Baltimore suspended payment on October 8th. Liabilities $100,000; assets $70,000. It was incorporated in 1873 with a capital stock of $100,000; Samuel Barth, President, and Wm. A. Savin, Cashier. The bank had been embarrassed for some time, and the offer of its time certificates for sale in New York had destroyed its credit at home. On October 10th Mr. J. Alexander Preston was appointed Receiver by Judge Gilmer of the City Circuit Court.

MASSACHUSETTS.—Great uneasiness and distrust have existed among the Savings bank depositors in the towns on Cape Cod. In consequence of repeated runs the Savings banks at Sandwich, Barnstable and Hyannis successively suspended payment; the latter until such time as the distrust shall have subsided. On October 8th he Cape Cod Savings Bank at Harwich followed. An examination of this bank was subsequently made by Bank Commissioner Carey, who after thorough investigation pronounced it perfectly solvent and ready to declare a dividend.

At a meeting of the depositors in the Sandwich Savings Bank, it was voted that the depositors offer to shrink their deposits twenty per cent. in order to put the bank in a condition to pay dividends next year, provided the Court and Bank Commissioners will accept such action of the depositors, and thus give the bank a chance to settle its own affairs.

BOSTON BANK DIVIDENDS.—The tables compiled semi-annually by Mr. J. G. Martin, appear with their usual regularity. We learn from them that the dividends of the Boston banks continue to grow smaller, although the changes are not very numerous owing to previous large reductions. As compared with April last, the Atlas has reduced from 3 to 2½ per cent., Blackstone 3 to 2½, Boston (old) 3½ to 3, Commerce 3 to 2, Commonwealth 3 to 2½, Continental 2½ to 2, National Market of Brighton 6 to 5, New England 4 to 3, North American 3 to 2½, Peoples 5 to 3½, Third National 2½ to 2, Tremont 3 to 2½, and Washington 4 to 3 per cent.

The Broadway resumes and pays 2 per cent. after passing three times. The Fourth National and Manufacturers each resume, having passed once. The Metropolitan (new August 1, 1875) pays its first dividend of two per cent. The Eagle increases from 2 to 2½ per cent, Hamilton 2 to 3, and Merchandise 2½ to 3 per cent. The First Ward, Eleventh Ward and Revere pass. The Merchandise has increased its capital from $500,000 to $1,000,000, but pays interest only on the new capital from the date of payment.

Of the sixty-one banks within the limits of Boston, one pays 6 per cent., three 5 per cent., one 4½ per cent., seven 4 per cent., three 3½ per cent., twenty 3 per cent., one 3 per cent. quarterly, eight 2½ per cent., fourteen 2 per cent., and three pass, making an average of 2.92 per cent.

These dividends are free of all taxes. The total tax is $943,784.75, of which $27,458.91 is on the real estate held as banking houses.

ERRATUM.—The table prepared by the Commissioner of Internal Revenue, showing the taxable capital and deposits of Savings banks, which appeared in the BANKER'S MAGAZINE for October (page 256), contained a serious error, which was detected too late for correction. The average deposits of Massachusetts Savings banks should have been stated as $223,895,737, and the total in Eastern States $414,495,892.

NATIONAL BANK DIVIDENDS.—The Comptroller of the Currency has declared dividends in favor of the creditors of the following named National Banks:

Name.	*Dividends, per cent.* Oct., 1877.		*Total.*
Northumberland County National Bank, Shamokin, Pa.	10	...	—
First National Bank, Winchester, Ill........................	10	...	20
Ocean National Bank, New York City......................	5	...	90
National Bank of the State of Missouri, St. Louis......	10	...	25
First National Bank, Duluth, Minn.........................	10	...	45
First National Bank, Delphi, Ind............................	25	...	—

ATTEMPTED BANK ROBBERY.—A desperate and nearly successful attempt was made on the night of October 5th to rob the First National Bank of Cassopolis, Michigan. About eleven o'clock five men, all disguised, effected an entrance through the rear of the building to the sleeping room of two employés of the bank. They gagged and lashed the employés to the bed-posts, and went to work until two o'clock, when the outer door of the vault was blown off, it is supposed with nitro-glycerine, the heavy door being carried completely through the counter. The explosion aroused a man living near the bank, who gave the alarm. The inside gang being warned, fled, leaving behind them a quantity of sledges, jimmies and other tools.

COMPLICATED LAW CASE.—A suit was brought against the National Bank of the State of Missouri by the German-American Bank of Quincy, Illinois, and recently referred to a Master in Chancery, the facts of which are stated as follows:

Some time since the German-American Bank remitted to the National Bank of the State of Missouri a draft for $10,000 upon Taussig, Bros. & Co. for collection and credit. This draft was received on the day the National Bank suspended. It was presented for payment on that day, and upon receiving a check therefor was surrendered to Taussig, Bros. & Co. The National Bank of Missouri procured the check to be certified on the same day, and also on the same day gave the German-American Bank credit on its books. On the day after its suspension the bank collected the money called for by the check and intermingled it with the general fund of the bank, which is now in the hands of a Receiver.

The German-American bank now seeks to recover the proceeds of the draft, on the ground that the check, although certified, was no payment of the draft, and therefore did not authorize the bank to make the credit before its suspension. That its right to make the credit and to establish the relation of debtor and creditor arose only upon the collection of the draft in money, and that this being after the suspension of the bank it had lost the right to establish the relation of banker and depositor, and that the proceeds of the draft being capable of identification in the hands of the Receiver, the plaintiffs are entitled to be paid in full.

NEW HAMPSHIRE.—The State Bank Commissioners report the number of Savings banks now doing business in this State as sixty-seven, one less than last year, with 98,683 depositors, an increase of 1,753. The deposits amount to $30,963,047, or $570,894 more than last year; the surplus is $990,479, and the guarantee fund $382,350. The loans on real estate amount to $9,575.318; on personal security, $5,001,047; investments in county, city and town bonds, $6,284,490, and in the United States and State bonds, $1,776,877, There are 7,456 single loans of $1,000 and less, and 1,013 depositors of $2,000 and over. The banks paid last year $298,060 in State taxes and $103,126 for other expenses.

STARTLING FRAUDS.—The month of October, 1877, will long be memorable for the number and extent of the forgeries, defalcations and frauds which were announced during its limits. One of the greatest was brought to light on the 18th, at Kansas City, Mo., by the arrest of J. R. Ham, Edward L. Stevens and George W Miller, on the requisition of the Governor of Texas. These men were charged with forging land titles and issuing fraudulent deeds for large tracts of land in Texas. An immense amount of land is said to have been conveyed by them under many different aliases and to many different persons. About a year ago the attention of Governor Hubbard was called to the matter, and on looking into it he was satisfied that a monstrous swindle had been perpetrated. The authorities at Washington were notified of the facts discovered, and Special Agent Foster, being sent out, obtained clews to the authors of the swindle. These clews have been closely followed ever since, resulting in the simultaneous arrest of sixty persons in various parts of the country who belong to the gang. No less than thirteen court houses have been set on fire and burned during the past year to destroy evidence that could have been brought against the conspirators.

NEW YORK.—The Saratoga Savings Bank was closed on October 20th. This step was caused by the difficulty in the conversion of assets into money fast enough to pay depositors on demand. The assets are now stated to be sufficient to pay the depositors, but they cannot readily be turned into cash, and for this reason the bank was compelled to go into liquidation by receivership. No deposits have been taken since the bank was examined by the Bank Superintendent in September.

OHIO.—The Legislature of Ohio at its last session passed an Act "To authorize Free Banking," which was submitted to a vote of the people at the recent election, to take effect if approved by a majority of the voters. It was lost. In the language of an esteemed correspondent, "the new Banking Law was completely 'snowed under'—buried in ignorance and incapacity of the people to act upon any such matter."

PENNSYLVANIA.—The Allegheny Savings Bank, the oldest bank in Allegheny City, suspended payment October 3d. About this time last year a run was made on the bank, but the demands were so promptly met that it soon ceased. The deposits then aggregated $1,312,000, but have since been reduced and are now stated as $591,000. The bank owes secured debts and money borrowed on mortgages to the amount of $128,000. The assets are largely of real estate and aggregate nominally $748,000.

A subsequent statement of the affairs of the bank shows liabilities of $846,000, with assets amounting to $296,000. The institution has since gone into bankruptcy.

This failure was followed on October 10th by the suspension of the Franklin Savings Bank, and on October 23d by that of the Manchester Savings Bank, both of Allegheny City.

In addition to the assets of these banks the stockholders are individually liable.

CANADA.—The new management of the Merchants' Bank of Canada has entered upon a policy of vigorous retrenchment. Forty clerks have received notice of dismissal, and all salaries above $500 are to be reduced. The branch at London, England, is to be closed. Mr. Hague, the General Manager, surrenders $5,000 of his salary (which was $20,000), and the directors will act without fees until the business of the bank shall have been restored to a fully prosperous condition.

BANK SWINDLERS.—Extensive forgeries on Canadian Banks were discovered about October 1st. A gang similar to that operating in the Western States settled in Quebec, and, opening accounts at the banks, victimized the Bank of Montreal, Union Bank of Lower Canada, and the Ontario Bank. Their *modus operandi* was to obtain drafts for small amounts on the head office, and then by the action of chemicals erase the amount and substitute sums ten or twenty times as large.

EUROPEAN.—A void is left in continental financial circles by the death of M. Allard, Director of the Brussels Mint, and head of the important banking house of that city, which has branches in Paris and London. The firm will undergo no change, as the two sons of the deceased have long taken an active part in the business.

A PARIS MONEY-CHANGER has been prosecuted and condemned to pay a small fine for making a false declaration on depositing a parcel of specie with the Eastern Railway Company for transmission to Vienna. It was declared to be gold and silver coin for a sum of 5,000f., but the weight not corresponding to that amount the bag was opened by the company, in the presence of a commissary of police, and was found to contain a sum of more than 30,000f. The declarations are known to be very unreliable, yet it is on them that the official returns of the exports of gold and silver are based. (London *Economist*, October 13.)

FAILURE OF GERMAN BANKERS.—The Ritterschaftliche Bank, a private bank of Stettin, Pommerania, is reported to have suspended with £750,000 liabilities. It did a large business in advances on land and agricultural products. The Berlin bankers Henckel & Lange, with a capital of seven millions marks [about $1,750,000], have been forced into liquidation in consequence of the failure of the Ritterschaftliche Bank.

THE PROSPERITY OF HOLLAND.—The result of scrupulous honesty and frugality in a nation shown by a report on the social and political condition of the Dutch from the Minister of the United States to the Hague, which the Department of State has received. There has not been a bank failure in Holland during the last forty years, and the paper money of the banks has been equal to gold. There is no such thing as a failure of Fire Insurance Companies on record; and while the rate of insurance does not average more than one-half of one per cent., the companies are in the most flourishing condition, realizing twelve to sixteen per cent. per annum. First-class railroad travel is only one cent. per mile, and yet the roads pay good dividends. Pilfering officials are scarcely ever heard of, and when they shock the nation by turning up they are severely punished and forever disgraced. No passes are granted over railroads, and managers and directors have no power to pass anybody over the roads free. All must pay the public rates; dishonesty of any kind or failure in business means public dishonor, and utterly bars the dishonest from any future public consideration. Four millions of people live within an area of 20,000 square miles, a fact unprecedented in any other country, and all appear to be happy, prosperous and contented. The secret of this prosperity lies in the fact that all live within their income, and that industry and honesty are principles so firmly established that their violation is looked upon as an outrage on the national characteristics.

NEW BOOKS FOR BANKERS.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from October No., page 331.)

State.	*Place and Capital.*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
IOWA...	Eldora.........	City Bank, (C. Hardin & Sons).	Gilman, Son Co.
" ..	Reinbeck.......	Brooks & Moore Brothers..	George Opdyke & Co.
" ..	Spirit Lake....	B. B. Van Steenburg & Co.	National Park Bank.
MICH...	Union City....	Farmers' Nat'l Bank (2372)	....
	$50,000	David R. Cooley, *Pr.*	Henry T. Carpenter, *Cas.*
MO.....	Palmyra.......	Bates, Lee & Co..........	National Park Bank.
NEB....	Hastings.......	Raymond Bros. & Yeazel..	Chemical National Bank.
OHIO...	St. Paris.......	Citizens' Bank............	Ninth National Bank.
	$17,000	Samuel Bowersock, *Pr.*	Lambert Pond, *Cas.*
WIS....	Green Bay.....	Strong's Bank.............	Central National Bank.
	$50,000	Henry Strong, *Pr.*	Louis Neese, *Cas.*

DISSOLVED OR DISCONTINUED.

(Monthly List, continued from October No., page 332.)

N. Y. CITY. Rufus Hatch; failed.
" . Hutchinson, Hibbard & Co.; dissolved.
" . Kennedy, Hutchinson & Co.; dissolved. New firm. Same style.
" . Charles Martin; failed.
" . D. P. Morgan & Co.; dissolved.
" . George T. Plume; failed.
" . H. C. Williams & Co.; failed.
CAL.... Market Street Bank of Savings, *San Francisco;* suspended.
" .. Pioneer Land and Loan Bank, *San Francisco;* suspended.
ILL..... Home Savings Bank, *Chicago;* suspended.
" .. Bunker Hill Bank, *Bunker Hill;* suspended.
" .. German-American Bank, *Quincy;* assigned.
IND..... Ladoga Bank, *Ladoga;* suspended.
" .. Citizens' Bank, (Wile Brothers), *La Porte;* failed.
IOWA... Duane Young, *Alden;* discontinued business.
" .. Twogood & Elliott, *Marion;* assigned.
KANS... T. B. Eldridge, *Coffeyville;* assigned.
" .. Lawrence Savings Bank, *Lawrence;* assigned.
LA...... Pike, Brother & Co., *New Orleans and Baton Rouge;* failed.
MASS... Hyannis Savings Bank, *Hyannis;* suspended.
MICH... C. W. Bennett, *Quincy;* sold Exch. and Coll. business to Lee & Hannan.
MO..... Lucas Market Savings Bank, *St. Louis;* closed.
" .. E. L. Beeding, *Cambridge;* deceased.
NEB.... C. L. Keim & Co., *Falls City;* suspended.
N. Y.... Lee, Pickering & Co., *Buffalo;* dissolved.
" .. Hamlin Jones, *Owego;* failed.
" .. Saratoga Savings Bank, *Saratoga Springs;* closed. Receiver appointed.
PENN... Allegheny Savings Bank, *Allegheny;* suspended.
" .. Franklin Savings Bank, *Allegheny;* suspended.
" .. Manchester Savings Bank, *Allegheny;* suspended.
WIS.... First National Bank, *Green Bay;* to be succeeded by Strong's Bank.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Authorized September 18 to October 24, 1877.)

No.	Name and Place.	President and Cashier.	Capital. Authorized.	Capital. Paid.
2372	Farmers' National Bank....... Union City, MICH.	David R. Cooley.......... Henry T. Carpenter.	$50,000	$50,000

RECENT CHANGES OF TITLE, ETC.

(Monthly List, continued from October No., page 332.)

N. Y. CITY. W. H. Granberry & Co.; now W. H. Granberry.

ALA.... John McNab, *Eufaula;* now John McNab & Co.

CAL.... Belloc, Ir., *San Francisco;* now Belloc & Cie.

ILL..... Clement & Fish (Casey Bank), *Casey;* succeeded by Fuqua & Sanford.
" .. Wikoff & Bowen, *Metamora;* now Isaac Wikoff.
" .. Traders' B'k, *Oneida;* merged in Oneida Exch. B'k (Anderson & Murdoch).

IND..... Bank of New Carlisle, *New Carlisle;* now Banking House of Service & Son.

IOWA.. Nagle, Birdsall & Co., (B'k of Alden), *Alden;* now Benj. Birdsall & Co.
" .. Clear Lake Bank (George E. Frost), *Clear Lake;* sold to W. A. Burnap.
" .. Conger, Pierce & Co., *Dexter;* now G. G. Pierce.
" .. Clark & Ford, *Magnolia;* now A. W. Ford.
" .. Mathews & Son, (Bank of Rockford); *Rockford;* now Mathews & Lyon.
" .. W. S. Alger & Co., *Villisca;* still doing business. Report of a successor erroneous.

MICH... Clapp & Son, *White Pigeon;* now Clapp's Bank (T. E. Clapp).

N. Y.... Evans, Killmaster & Co., *Tonawanda;* now Evans, Schwinger & Co.

PENN... Girard Savings Bank, *Allegheny;* now Girard Bank. Same officers.
" .. Blaine, Gould & Short, *North East;* now Short, Blaine & Co.
" .. Curtis & Miller, *Susquehanna Depot;* now Gaylord Curtis & Co.

S. C.... Jeffreys & Metts, *Yorkville;* now E. S. Jeffreys.

VA...... Agency Lynchburg Fire Insurance Co., *Big Lick;* now Bank of Virginia.

THE PREMIUM ON GOLD AT NEW YORK.

SEPTEMBER—OCTOBER, 1877.

1876.	*Lowest.*	*Highest.*	1877.	*Lowest.*	*Highest.*	1877.	*Lowest.*	*Highest.*
October	8⅞	13¼	Sept. 26	3⅛	3¼	Oct. 11	2⅞	3⅛
November	8⅛	10½	27	3	3⅛	12	2⅞	3⅛
December	7	9	28	3	3	13	2⅞	3¼
1877.			29	3	3⅛	15	3⅛	3⅜
January	5¼	7⅛	Oct. 1	3	3⅛	16	2⅞	3⅛
February	4⅝	6	2	2⅞	3	17	2¾	2⅞
March	4¼	5⅜	3	3	3	18	2⅝	2¾
April	4¾	7⅞	4	2¾	3	19	2¾	2⅞
May	6¼	7⅜	5	2¾	2⅞	20	2¾	2⅞
June	4¾	6⅜	6	2½	2¾	22	2⅞	3
July	5⅛	6⅛	8	2½	2⅝	23	2¾	2⅞
August	3⅞	5½	9	2½	2¾	24	2¾	2¾
September	2⅞	4	10	2¾	2⅞	25	2¾	2¾

CHANGES OF PRESIDENT AND CASHIER.

(*Monthly List, continued from October No., page* 330.)

	Name of Bank.	*Elected.*	*In place of*
CAL.	San Joaquin Valley Bank, Stockton	Joseph F. Harrison, *Pr.*	G. B. Claiborne.
		F. J. Huggins, *Cas.*	B. W. Bours.
"	Bank of San Luis Obispo	J. P. Andrews, *Pr.*	P. W. Murphy.
CONN.	Union Trust Co., New Haven.	Henry L. Hotchkiss, *Pr.*	....
D. C.	Nat. B'k Republic, Washington.	Daniel B. Clarke, *Pr.*	F. Coyle.*
GA.	Citizens Bank of Ga., Atlanta.	W. C. Morrill, *Pr.*	W. A. Rawson.
ILL.	Union Stock Yard Nat'l B'k, Chicago	Mancel Talcott, *Pr.*	W. F. Tucker.
"	Murphy, Hancock & Co., Newman	W. R. Brown, *Cas.*	J. W. Hancock.
"	Edgar Co. National B'k, Paris.	Alexander B. Powell, *Cas.*	F. W. Levings.
"	Bank of Waverly, Waverly	T. E. Curtiss, *Pr.*	C. T. W. Sheffield.
		Albert Rhorer, *V. P.*	....
		W. W. Brown, *Cas.*	J. W. Hutchinson.
		H. R. Boynton, *A. C.*	....
IND.	Davenport Nat. B., Davenport.	C. A. Mast, *Actg Cas.*	....
"	First National B'k, La Fayette.	H. W. Moore, *Cas.*	A. H. Byrns.
"	First National B'k, Martinsville.	Tilghman H. Parks, *Pr.*	M. Hite.
IOWA.	Poweshiek Co. B'k, Brooklyn.	Miss S. J. Lyons, *Cas.*	E. J. Pratt.
KANSAS.	German Bank, Leavenworth.	M. E. Clark, *Pr.*	G. Ummethun.
		George H. Hyde, *Cas.*	J. W. Morris.
KY.	Deposit Bank of Glasgow, Glasgow	T. M. Dickey, *Pr.*	T. C. Dickinson.
		M. H. Dickinson, *Cas.*	T. M. Dickey.
"	Farmers & Traders' Bank, Lexington	George W. Headly, *Pr.*	....
"	National Bank of Monticello, Monticello	M. P. Sallee, *Pr.*	W. J. Kindrick.
		W. J. Kindrick, *Cas.*	M. S. Wilhite.
"	Exch. B'k of Ky., Mt. Sterling.	I. Pike Powers, *Pr.*	....
"	Mt. Sterling Nat. B'k, "	C. Brock, *Pr.*	W. Stofer.
LA.	N. O. Canal & Bkg. Co., N. O.	J. C. Morris, *Pr.*	G. Jonas.
ME.	Booth Bay Sav. B'k, Booth Bay.	R. Montgomery, *Pr.*	M. E. Pierce.
"	Gorham Sav. Bank, Gorham.	John A. Waterman, *Tr.*	S. Hinkley.
MD.	Franklin Bank, Baltimore	Geo. Sanders, *Act'g Cas.*	....
MASS.	Atlas National Bank, Boston.	William P. Hunt, *Pr.*	M. D. Spaulding.
"	Boston Safe Dep. and Trust Co.	F. M. Stone, *Pr.*	F. M. Johnson.
"	Abington Nat. Bank, Abington.	Richmond J. Lane, *Pr.*	B. Cobb.*
"	First National Bank, Westfield.	G. L. Laflin, *Pr.*	C. Laflin.
MINN.	Farmers and Traders' Bank, Hastings,	B. C. Howes, *Pr.*	W. Thompson.
		J. C. Norton, *Cas.*	B. C. Howes.
N. J.	Flemington N. B., Flemington.	John L. Jones, *Pr.*	P. E. Emery.
"	First Nat. Bank, Hightstown.	Jos. H. Johnes, *Act. Cas.*	W. H. Howell.
OHIO.	Garrettsville Sav. & Loan Asso.	James Norton, *Cas.*	J. B. Knowlton.
PENN.	Oil City Trust Company, Oil City	W. J. Young, *V. Pr.*	....
		Geo. H. Moorhead, *Cas.*	W. J. Young.
"	First Nat. B'k of Birm., Pittsb.	A. B. Stevenson, *Pr.*	J. Fawcett.*
VA.	First Nat. B'k, Harrisonburgh.	J. L. Sibert, *Pr.*	A. B. Irick.
WIS.	First National Bank, Green Bay.	Louis Neese, *Cas.*	M. D. Peak.
"	First National B'k, Sheboygan	F. R. Townsend, *Pr.*	J. W. Dow.
		H. F. Piderit, *Cas.*	W. C. Tillson.*

* Deceased.

NOTES ON THE MONEY MARKET.

NEW YORK, OCTOBER 25, 1877.

Exchange on London at sixty days' sight, 4.81 *a* 4.81½ *in gold.*

Two chief questions are prominent in the public mind and are reflected just now in the money market. One of these is as to the extra session of Congress and the other as to the prospects of resumption and the probable effect which will be produced thereby upon business. With respect to Congress, it is not supposed that the members will be bound by any stipulations which can be entered into at the opening of the extra session, to refrain from introducing financial measures in the House and in the Senate until the regular December session begins. Indeed, this is sufficiently apparent from the records of Congress during its early sessions last week. It is not likely that any legislation touching the currency, the funding of the debt, or any other grave question of financial policy will be actually passed before January, 1878, but a multitude of such measures will be almost certain to be introduced and referred to the several Committees. The public mind will thus be kept in a state of agitation, and there is considerable probability that the Greenback advocates will be more active than for many months past. Whether these circumstances will seriously compromise the prospects of business recuperation remains to be seen. The apprehension of such trouble is certainly prevalent, and it is likely to augment as the season advances.

As to the resumption question it has ceased to be regarded with so much dread as formerly. The practical intelligence of our people has recognized the fact that the preparations preliminary to resumption have not brought on the present troubles in business, because similar troubles exist in England, in Germany, and elsewhere, and are still worse than in our own country. In the next place there is a singular reaction in the public mind since gold has fallen to its present low and almost nominal premium. Coincident with the fall of gold has been the rise in National and individual credit. The thermometer of public and private confidence is rising higher and higher as the gold premium sinks lower and lower. The record of failures has not for many years shown such a gratifying decrease as appears in our article on the subject on a previous page. Moreover we have been funding the public debt at lower rates than have been known since the war, and but for an unfortunate mistake in the Secretary of the Treasury's last contract with the Syndicate, we should probably have sold before now a large amount of four per cents in addition to those which have been actrally negotiated. On the whole, therefore, it is not surprising that the level of general prices has fallen to the specie standard if not below it, and resumption to all appearance

will, in a few months, be accomplished, to the great benefit of our financial solidity and strength as a nation.

The gradual tightening of the money market during the last two months has prepared the public mind for the close and active condition which has been lately seen. For the first time this year money has ranged higher than seven per cent. in gold, and call-loans have risen to 1-32 per day in certain cases. The general business of the market is now quoted at six to seven per cent. on miscellaneous securities, and at five to six per cent. on Government collaterals. Discounts are seven to eight per cent. The legal tenders are going out of the city and the bank averages are declining, though not very rapidly. Subjoined are the averages of the New York Clearing House Banks for the last few weeks:

1877.	*Loans.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Deposits.*	*Excess of Reserve.*
Sept. 29	$241,847,800	$16,652,300	$41,975,500	$15,724,400	$200,771,200	$8,435,000
Oct. 6	238,470,900	16,551,700	41,402,000	15,990,200	197,853,400	8,490,350
" 13	238,229,600	17,090,300	40,316,800	16,081,000	197,171,600	8,114,200
" 20	238,183,800	16,519,900	39,949,300	16,230,300	195,561,500	7.578,825

The Clearing-House exhibit of the Boston banks for the past month is as below:

1877.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Sept. 29	$128,819,000	$2,407,000	$6,430,800	$71,469,700	$23,341,000
Oct. 6	128,147,100	2,267,200	5,811,900	72,087,000	23,808,000
" 13	127,402,700	2,119,000	5.427,100	69,778,100	23,987,700
" 20	126,852,800	2,210,600	5,505,000	70,001,600	24,037,000

The Philadelphia bank statements for the same time are as follows:

1877.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Sept. 29	$61,088,110	$1,376,571	$13,920,867	$49,072,910	$10,579,169
Oct. 6	61,218,252	1,320,516	13,461,572	48,298,947	10,576,600
" 13	61,043,149	1,294,077	12,957,296	47,768,873	10,605.836
" 20	60,812,307	1,287,578	12,971,540	47,650,675	10,591,169

Gold has been quiet and some apprehensions have prevailed that Congress might discuss or pass some bill disturbing the market. In view of the low premium and the early prospect of specie payments it has been suggested to Mr. Secretary Sherman, by the President of one of our largest banks, that the Treasury may by a very simple expedient exert a continual pressure upon the gold market, and at the same time keep out of that market one of the disturbing influences which has often been found to exert a mischievous effect on the premium. The plan proposed is that the Treasury shall supply coin notes to the merchants for the purpose of paying duties, at the average price of the day before the purchase, minus the brokerage of one-eighth or one-quarter per cent. The gold notes so issued are not to be emitted in such amounts or in such a negotiable form as to minister to the greed of the speculators. We presume that if this plan should be found practicable some new legislation would be at first supposed necessary, unless, indeed, the current interpretation by the Treasury of the existing laws should be modified. For it has been hitherto uniformly held by the Department that all sales of gold by the Treasury should be made either by auction at the Treasury or by a broker at the Stock Exchange. This, however, is but a subordinate difficulty, and if any new legislation should be necessary, which is by no means certain, it would, no doubt, be readily obtained for a plan which promises such important and beneficent results. The chief merits claimed for

this plan are that it promises to protect the gold market against an evil which is liable, in some not improbable contingencies, to cause trouble, and for which no other equally feasible remedy has been hitherto proposed.

The stock market is irregular. Government bonds are quiet and weaker. The demand is less active in consequence of the close money market. State bonds are dull; railroad bonds strong, and railroad shares unsettled and irregular. The following are our usual quotations:

QUOTATIONS:	*Sept* 25.	*Oct.* 2.	*Oct.* 9.	*Oct.* 16.	*Oct.* 23.
Gold	103⅛	102⅞	102⅝	102⅞	102⅞
U. S. 5-20s, 1867 Coup.	107⅝	107¼	107⅛	107⅝	108¼
U. S. new 10-40s Coup.	108½	107⅜	107¼	107¾	108¾
West. Union Tel. Co.	78¼	79⅝	84	81½	79¾
N. Y. C. & Hudson R.	101	102½	107⅝	108¼	106¼
Lake Shore	63¼	64⅞	71½	71	67⅛
Chicago & Rock Island	101⅝	101⅜	103⅞	103½	100⅞
New Jersey Central	17⅛	16¼	17	17	16½
Del. Lack. & West.	49	47¼	51¾	50⅞	51½
Delaware & Hudson	44	42	42¾	42½	43½
North Western	37	39⅛	42⅛	40	35⅞
Pacific Mail	22⅝	22½	24¼	23¾	23⅝
Erie	11⅛	11⅞	14⅛	13¾	13⅝
Call Loans	4 @ 6	3 @ 5	4 @ 7	6 @ 7	3 @ 7
Discounts	5 @ 7	5 @ 7	5 @ 7	6 @ 7	6 @ 7
Bills on London	4.83½-4.87	4.82-4.85½	4.81-4.85	4.81-4.86	4.81-4.86
Treasury balances, cur.	$44,376,678	$43,929,077	$42,998,711	$43,200,087	$42,237,206
Do. do. gold.	$98,958,883	$103,402,986	$103,463,883	$102,649,806	$102,742,849

The comparisons of imports and exports at this port during the current year are of much interest.

FOREIGN IMPORTS AT NEW YORK FOR NINE MONTHS FROM JANUARY 1.

	1875.	1876.	1877.
Entered for consumption	$118,511,584	$98,322,590	$106,496,398
Entered for warehousing	77,048,936	64,780,357	71,510,532
Free goods	69,897,922	57,211,287	68,078,962
Specie and bullion	9,957,618	5,472,696	11,682,992
Total entered at port	$275,416,060	$225,796,930	$257,768,884
Withdrawn from warehouse	77,078,890	62,668,731	61,878,015

As compared with the first nine months of last year, this shows a gain of thirty-two millions; but it is fifty-eight and a half millions less than the first nine months of 1874, when the aggregate exceeded three hundred and sixteen millions. In the first nine months of 1872 the totals were $350,282,961, or ninety-two and a half millions above those of the current year. The aggregate of exports is very encouraging, although not yet up to the total for 1874, when the shipments, exclusive of specie, amounted to $216,161,560.

EXPORTS FROM NEW YORK TO FOREIGN PORTS FOR NINE MONTHS FROM JANUARY 1.

	1875.	1876.	1877.
Domestic produce	$179,560,771	$191,772,505	$204,159,073
Foreign free goods	1,545,298	2,386,628	1,643,029
Foreign goods, dutiable	4,575,411	4,695,458	3,460,514
Specie and bullion	61,586,204	39,842,793	24,831,138
Total exports	$247,267,684	$238,697,384	$234,093,754
Total exports, exclusive of specie	185,681,480	198,854,591	209,262,616

It is to be remembered that New York receives about two-thirds of the imports of the country and ships less than half the exports. The exhibit of customs receipts during the same period is as follows:

REVENUE FROM CUSTOMS AT NEW YORK.

	1875.		1876.		1877.
In September	$10,163,829 28	....	$8,634,411 36	....	$9,068,929 44
Previous eight months	74,632,286 46	....	67,453,782 74	....	62,855,872 55
Nine months	$84,796,115 74	....	$76,088,194 10	....	$71,924,801 99

For the first nine months of 1873 the total of cash duties here was $95,973,254.04, and for the same period of 1872 there were received here $113,683,153.73.

The following are the latest quotations of the stocks of New York City Banks:

	Bid.	*Asked.*	*Last Sales.*		*Bid.*	*Asked.*	*Last Sales.*
Amer. Exch. Nat. B.	108	109	106½	Ninth National Bank	—	65	76
Bank of N.Y. N.B.A.	115	—	115	Phenix Nat. Bank...	102	—	102
Central Nat. Bank...	102	—	102	St. Nicholas N. Bank.	—	88	88
Chatham Nat. Bank.	122	—	122	Second Nat. Bank...	—	200	—
Chemical Nat. Bank.	1100	—	1675	Seventh Ward N. B..	—	85	82
Continental N. Bank.	70	—	75	Tenth National B'k..	—	65	70
East River N. Bank.	—	91	86	Third National Bank.	—	—	98½
First National Bank..	200	—	210	Tradesmen's Nat B.	120	—	133½
Fourth Nat. Bank....	98	100	98	Union Nat. Bank....	138	—	140
Fulton Nat. Bank...	140	x	145	Bank of America	132	—	135
Gallatin Nat. Bank..	—	120	117½	Bank of N. America.	78	83	80
Hanover Nat. Bank..	—	100	100	B'k of the Metropolis.	—	—	80
Imp. & Tr. Nat. Bank.	—	205	203	Bull's Head Bank....	—	—	60
Irving Nat. Bank....	120	—	125½	Corn Exchange B'k..	126	130	130
Leather Mf'rs. N B..	—	170	151	Eleventh Ward B'k..	—	65	89
Marine Nat Bank...	—	83	80	Fifth Avenue Bank ..	217	—	—
Market Nat. Bank...	104	—	102	German-Amer. Bank.	60	68	60
Mech. & Tra. N. B..	—	126	125	Germania Bank......	—	108	—
Mechanics' Nat. B'k.	132	136	132	Gold Exchange B'k..	—	100	98
Mercantile Nat. B'k.	—	100	100	Grand Central Bank.	—	—	115
Merch. Exch. N. B..	—	87	81	Greenwich Bank.....	115	—	120
Merchants' Nat. B'k.	116	118	117¼	Grocers' Bank.......	—	82	75
Metropolitan N. B'k..	130	132	130	Harlem Bank........	—	—	90
N. B. of Commerce..	123	127	125	Manhattan Comp. B.	135	—	135
N. B. of the Republic.	—	92	91	Manuf. & Merch. B'k.	80	100	82
N. B. of State of N.Y.	118	125	118	Nassau Bank........	90	—	90
Nat. Broadway Bank.	—	225	201	North River Bank...	—	60	70
N. Butch. & Drov. B.	—	120	112½	Oriental Bank	—	170	86
Nat. Citizens' Bank..	—	101	101	Pacific Bank........	140	—	132
National City Bank..	200	—	201	People's Bank.......	—	140	135½
Nat. Mech. Bkg. As..	60	—	64½	Produce Bank.......	—	—	84½
National Park Bank..	—	107½	107	Brewers' & Gro. B'k.	120	—	60
Nat. Shoe & Leath. B.	—	120	120	Dry Goods Bank ...	—	—	90
N. Y. Co. Nat. Bank.	125	—	—	Seventh Ward N. B.	—	85	82
N.Y. Nat. Exch. B'k.	100	—	—				

DEATHS.

At WASHINGTON, D. C., on Sunday, September 30th, aged fifty-nine years, FITZHUGH COYLE, President of the National Bank of the Republic, Washington.

At GREENBRIER WHITE SULPHUR SPRINGS, VA., on Monday, August 27th, aged sixty-three years, M. HARVEY EFFINGER, formerly Cashier of the National Valley Bank of Staunton, Va.

At PITTSBURG, PA., on Tuesday, October 2d, aged sixty-two years, RICHARD HAYES, President of the Iron City National Bank.

At NEW ORLEANS, LA., on Monday, October 1st, aged sixty-three years, GEORGE JONAS, President of the New Orleans Canal and Banking Company.

At PORT KENNEDY, PA., on Tuesday, September 4th, aged sixty-one years, JOHN KENNEDY, President of the Farmers and Mechanics' National Bank of Phœnixville, Pa.

THE

BANKER'S MAGAZINE,

AND

Statistical Register.

Volume XII, Third Series. DECEMBER, 1877. No. 6.

THE SAFEGUARDS OF BANKING STABILITY.

In the report of the Comptroller of the Currency just presented there are two points on which full information will be sought this year. We refer to bank taxation and to the diminution of bank capital and surplus. We give up a considerable portion of our space to that part of the report which treats of taxation, and the remainder will have due attention hereafter. Our National banking system differs from some others in that it is armed with legal safeguards requiring that large reserves of cash shall be held in the vaults of each bank, and that the capital on which the banks do business shall not only be large, but supplemented with a surplus fund, the accumulation of which is obligatory. The Comptroller shows that these safeguards of our banks are not improving. The surplus of our National banking system now amounts to $122,776,121, which with $44,572,679 of undivided profits, gives an aggregate of 167 millions. At the close of 1876 the aggregate amounted to 178 millions; in 1875 to 191 millions; in 1874 to 182 millions; in 1871 to 150 millions; in 1868 to 114 millions; in 1867 to 102 millions; in 1866 to 86 millions; and in 1865 to 72 millions. Such have been the changes in the surplus of the National banks during the past ten years throughout the United States. For the sake of comparison we give the following statistics as to the changes in the capital, surplus and deposits of the New York Clearing House banks from 1858 to 1875:

CAPITAL, SURPLUS AND DEPOSITS OF THE NEW YORK CLEARING-HOUSE BANKS, 1858–1877.

Year.	Report.	Capital.	Surplus.	Total.	Deposits.
1858 ...	June 19 ...	$67,041,200 ...	$7,531,600 ...	$74,572,800 ...	$103,082,600
1859 ...	June 25 ...	68,645,000 ...	7,555,500 ...	76,200,500 ...	96,458,400
1860 ...	June 30 ...	69,758,800 ...	8,055,200 ...	77,813,000 ...	106,382,800
1861 ...	June 22 ...	69,650,600 ...	8,328,800 ...	77,979,400 ...	102,165,100
1862 ...	June 28 ...	69,125,700 ...	8,647,600 ...	77,773,300 ...	104,043,900
1863 ...	June 13 ...	69,401,800 ...	11,714,200 ...	81,116,000 ...	207,839,800
1864 ...	June 25 ...	69,683,500 ...	15,704,000 ...	85,387,500 ...	231,468,700
1865 ...	June 24 ...	83,357,300 ...	21,440,000 ...	104,797,300 ...	285,757,700
1866 ...	July 2 ...	84,322,200 ...	23,144,800 ...	107,567,000 ...	303,540,200
1867 ...	July 1 ...	84,772,200 ...	27,467,000 ...	112,239,200 ...	207,077,200
1868 ...	July 6 ...	84,260,100 ...	29,224,700 ...	113,484,800 ...	238,198,300
1869 ...	June 26 ...	84,923,300 ...	32,504,500 ...	117,427,800 ...	208,241,400
1870 ...	June 25 ...	85,162,000 ...	32,837,100 ...	117,999,100 ...	246,799,500
1871 ...	June 17 ...	88,678,800 ...	34,854,900 ...	123,533,700 ...	270,001,700
1872 ...	June 29 ...	87,315,700 ...	36,361,300 ...	123,677,000 ...	261,625,500
1873 ...	June 28 ...	88,051,800 ...	38,867,100 ...	126,918,900 ...	250,030,000
1874 ...	June 26 ...	85,285,200 ...	40,787,000 ...	126,072,200 ...	265,841,200
1875 ...	June 12 ...	84,085,200 ...	39,851,800 ...	123,936,000 ...	254,134,900
1876 ...	June 30 ...	81,822,200 ...	31,870,600 ...	113,692,800 ...	245,541,300
1876 ...	Oct. 2 ...	81,731,200 ...	31,943,500 ...	113,674,700 ...	255,027,600
1877 ...	June 30 ...	77,185,700 ...	30,985,500 ...	108,171,200 ...	163,060,400
" ...	Oct. 1 ...	71,085,200 ...	29,433,400 ...	100,518,600 ...	147,494,000

The causes to which this rapid depletion is due, have been often expounded, and are fully set forth in the Report of the Comptroller. Under the severe pressure from which our industry and finance have suffered since the panic of 1873, a number of forces have been called into action which tempt our banks to divide their surplus and lessen their capital. The most mischievous of these causes has undoubtedly been the galling severity of the tax burdens to which the banks have been exposed, both by the National Government and by the several States. On this principle is founded the most convincing of all the arguments that we have seen for the repeal of the Federal taxes on the banking business. For, in proportion as such taxes tend to lessen bank capital and surplus, they lower the safeguards and attack the foundations of the whole fabric of our banking system, and of our commerce and trade which rest upon it. It has long been accepted as one chief cause of our freedom from those banking panics which were formerly so disastrous in this country, that our banks, especially those organized under the National Currency Law, have uniformly been under stringent regulations as to their reserves and their surplus. In England, similar care has not been taken, and the small extent of the bank capital, in proportion to the deposits and the business done, is one circumstance contributing, with defective reserves, to produce the feverish sensitiveness and spasmodic movements of the money market which were conspicuous in the financial panics of 1825, 1837, 1847, 1857, 1866 and 1873. Our own banking history before the war offers illustrations of the

principle that, without a large capital and an ample surplus it is vain to hope for stability in the banking system of any country whose commerce is as large and active as our own.

In Louisiana, in Massachusetts, in Indiana, in Ohio and in New York, legislative provisions were devised to correct these evils and to limit the tendencies to expansion. Similar expedients were incorporated in 1863 in our National Currency Law, so that our banking system with all its faults is in some respects more perfect than most of those which have preceded it in our own country or are now in operation abroad. The strength imparted to the National banking system by its large mass of capital, in proportion to its deposits and other liabilities, give it an important weight in the financial system of this country. It must not, however, be supposed that the National banks contain the larger proportion of the bank deposits of the United States. The Comptroller shows that the deposits of our National banking system are 616 millions, while those of our State banks, private banks and savings banks combined have an aggregate more than twice as large, and amount to 1,368 millions of dollars. On the other hand, the capital of these two sections of our banking system is very unequal, with a great preponderance on the side of the National banks. Their capital has an aggregate of 499 millions, while our State banks, private banks, and savings banks have a united capital of 222 millions. To illustrate this we have compiled from the forthcoming report of the Commissioner of Internal Revenue the following table showing the gross amount of average capital and deposits of savings banks, bankers and banks other than National banks for years ended May 31st, 1876 and 1877, and of National banks for the years ending 30th September, 1876 and 1877:

AGGREGATE BANKING CAPITAL AND DEPOSITS OF THE UNITED STATES, 1876–1877.

	1876.	1877.
Capital of Savings banks	$5,016,659	$4,965,500
Capital of banks and bankers	211,634,586	217,215,388
Total capital	$216,651,245	$222,180,888
Deposits of savings banks having capital	38,207,891	38,055,540
Deposits of savings banks having no capital	845,109,217	855,057,027
Deposits of State banks and private bankers	483,458,242	475,790,064
Total deposits of non-National banks	$1,328,567,459	$1,268,902,631
Deposits of National banks	651,385,210	616,403,987
Capital of National banks	499,802,232	479,467,771
Surplus of National banks	132,202,282	122,776,121
Undivided profits of National banks	46,445,216	44,572,679

From this table and the other statistics we see that the surplus and undivided profits of the National banks have fallen from 192 millions to 167 millions since 1875. It also appears

that throughout the whole of our banking system a large part of the existing surplus was accumulated during the years prior to the war, and it has gone on gradually increasing year by year, until the movement culminated in 1875, and the surplus has since been steadily decreasing. The Comptroller has compiled a table of the surplus which was held by the State banks, and was conveyed by them into the National system when they were converted into National banks. The table shows that the State banks which, when converted into National banks, possessed a surplus, were 612 in number, their surplus amounting to $39,756,434; and that at present there are 2,026 banks possessing a surplus, the aggregate of which is $122,776,121. It also appears that there are only 54 banks which have no surplus. The average amount of surplus carried into the National banking system by each of the 612 converted State banks was $64,961; and the average amount of the present surplus of each of the two thousand and twenty-six National banks amounts to $60,609. On the whole, then, it appears that the increase of the dividends and the surplus by our banks which was formerly noted, has long ago ceased; and that the banks, with few exceptions, are now diminishing their dividends, while many of them are not earning as profits the amounts distributed in semi-annual dividends, as is proved by the figures above given, showing in the last two years a loss in this way of twenty-four millions of surplus by the National banks alone.

THE BELGIAN MONETARY DOCUMENTS.*

BY GEORGE WALKER.

We give below the titles of a very important series of papers on the Monetary Question, which have been collected during the past four years by M. Malou, the Finance Minister of Belgium, and published under the auspices of his Government. As the first series appears to have been laid before the Chamber of Deputies they may properly be regarded as State papers. The compilation reflects great credit upon the Belgian Government, and upon the enlightened statesman who conceived and has so far executed this admirable plan for bringing together the most important public documents relating to the monetary question which have appeared in various countries.

* 1. Documents Relatifs a la Question Monétaire; Recueillis et Publiés par M. J. Malou, Ministre des Finances. (Déposés dans la Séance de la Chambre de Représentants du 27 Novembre, 1873.) Bruxelles, F. Hayez, Imprimeur de la l'Academie Royal de Belgique. 1874. Folio, pp. 306. (7 Fascicules.)

2. (Same Title.) Deuxième Série, 1876. Folio, pp. 669. (12 Fascicules.)

3. (Same Title.) Troisième Série, 1877. Folio, pp. 76. (1 Fascicule.)

In an explanatory note at the beginning of the first volume, M. Malou thus states the motives of his undertaking. The Empire of Germany and the three Scandinavian kingdoms had changed their monetary systems and adopted the single gold standard. Holland was expected, at an early day, to follow their example. In view of these facts, it became a question whether the nations composing the Latin Union based on the double standard under the Convention of December 23, 1865, and especially whether Belgium, France and Switzerland ought also to modify their monetary systems, and if so in what direction. The discussion of this question had already begun and was spreading widely. In aid of it, it seemed useful to bring together and collate the official documents, and the statistical data relating to Belgium and to other countries. These documents were scattered, and many of them had never been translated into French. A full and exact knowledge of the laws enacted, or offered for legislative consideration, together with the reasons urged for their adoption and of the steps taken to put them in force, might, in this way, be easily gathered by those who desired to make a thorough examination of the monetary question. The undertaking was necessarily an extensive one, but it would have been interminable and impossible if it had not been strictly confined to such measures as had been adopted by legislation, or at least prepared under official sanctions. No attempt has been made to hunt up and put into French the controversial papers, the parliamentary discussions which have preceded legislation, or even the earlier draught of the laws finally adopted. Germany alone would have furnished materials of this sort for more than one volume. Neither have the merely scientific aspects of the monetary question been considered, nor the wants or aptitudes of any particular nation; but the materials have been selected in such a manner as to throw light on points of especial interest to Belgium, and to show such results as have actually been arrived at, or are on the road to accomplishment, the causes which led to them, and, up to a certain point, their probable influence on Belgian interests.

In the present notice of these publications it is not proposed to enter very fully into the subject matters covered by the several papers, but merely to present to the readers of the Banker's Magazine a synopsis of the contents of this remarkable series. However the silver question may be decided, it cannot fail to be regarded in history as one of the most important public questions of our time, and it is probable that the Belgian series of documents will always remain one of the chief store-houses of information in respect to it.

The following countries, in the order in which they first

appear in M. Malou's collection, have contributed materials for it; namely, Holland, Belgium, Greece, Germany, France, Sweden, Denmark, Norway, Italy, Switzerland, England, the United States and Spain.

THE FIRST PART of the series relates to Holland. It contains:

(1.) "A Report made to his Majesty the King of the Netherlands, upon the monetary system, June 26, 1873." This report emanated from a Special Commission appointed October 30, 1872, composed of P. P. Van Bosse, Minister of State, and former Minister of Finance, as *President;* A. Vrolick, former Minister of Finance; N. W. C. Mees, President of the Bank of the Netherlands; S. Vissering, Professor of Law at Leyden; and A. D. Van Riemsdyk, Member of the Monetary Commission at Utrecht, as *Secretary*.

(2.) A Bill (*Projet de Loi*) relating to the money of the Netherlands, submitted to the King by the same Commission.

(3.) Report (*Exposé des Motifs*) by the Minister of Finance (Van Delden), upon the Bill relating to money, presented to the States-General, October 31, 1873.

(4.) The Bill last referred to.

Holland adopted the silver standard by law of November 26, 1847. The Commission of October 30, 1872, had reported, January 18, 1873, to the Minister of Finance, a recommendation to adopt the double standard, and a limitation, or temporary suspension, of silver coinage. But on the 21st February following Germany had introduced into its Federal Council a definitive measure looking to the demonetization of silver. This measure became a law, July 9, 1873 (see synopsis of third number). In anticipation of the passage of this German law, the States-General of Holland passed an Act, May 21, 1873, authorizing the suspension, by royal decree, of the coinage of silver; and on the 27th of May the king issued such a decree, suspending the coinage till August 1, 1875. In their report of June 26, 1873 (now before us), the Monetary Commission recommended the definitive adoption of the gold standard. They based this recommendation on the legislation of Germany and Scandinavia, and on the passage of the United States Coinage Act of 1873, in the face of which they did not believe it possible for the States of the Latin Union to adhere to the double standard. Though they preferred to retain silver, and feared the effects of its general demonetization, they recognized the embarrassing position in which Holland would be placed if she stood out against the policy so widely adopted, and threatening to be adopted, in favor of gold. The bearing of such *monetary isolation* upon the foreign exchanges, upon domestic prices, and upon public credit, is very forcibly presented.

A Bill (2) embodying the changes recommended by the Commission follows the Report.

Under the legislation recommended in the foregoing papers the silver standard was to be retained in the Dutch East India Colonies, but the gold standard was to be introduced into those of the West Indies.

In the third paper the Finance Minister, Van Delden, under date of October 31, 1873, presented some later facts than those recited by the Commission, and seconded their recommendations with pertinent arguments and illustrations. He dwelt with great earnestness upon the dangers of *monetary isolation*, while pointing out the superiority of the double standard "if adopted under a common ratio by many nations, and over an extended territory," and the "probable danger of employing gold as the monetary metal in a large part of the civilized world."

This Report is also followed by a Bill (4) having in view the adoption of the gold standard, but somewhat altering the details of the Bill offered by the Monetary Commission (2).

THE SECOND PART contains:

(1.) Some valuable tables showing the coinage and demonetization of the precious metals in Belgium from 1832 to 1873.

(2.) The text of the original International Monetary Convention of December 23, 1865, between Belgium, France, Italy and Switzerland, commonly known as the "Latin Union."

The objects of this Treaty, as recited in its preamble, were "to establish a more perfect harmony of monetary legislation between the contracting parties, to remove the obstacles which impeded the business intercourse of the people of their respective countries, growing out of the diversity of fineness in their silver token coins, and to contribute, by means of a monetary union, to the progress of uniformity in weights, measures and money." The high contracting parties agreed that their gold coins should be restricted to those of 100, 50, 20, 10 and 5 francs, $\frac{9}{10}$ fine, the same to be received without distinction at the public treasuries of each country, so long as within one-half per cent. of full weight. They also agreed that five-franc pieces of silver of given weight and fineness ($\frac{9}{10}$) should be so received, if within one per cent. of full weight; also that they would not in future coin silver pieces of two francs, and one franc, and of fifty and twenty centimes, other than of the weight and fineness ($\frac{835}{1000}$) then agreed on, and that when reduced five per cent. in weight, they should be withdrawn and reminted by the country issuing them. Other conditions were established as to the legal-tender limit of these divisional coins at home and abroad. *The issue of them by each country was limited to six francs a head of its population.*

The contracting governments were required to communicate to each other annually all facts respecting their coinage, and bearing upon the objects of the treaty.

The admission to the Latin Union was reserved to all other nations which might be willing to accept its obligations and adopt its metallic monetary system.

The treaty was to remain in force until January 1, 1880, and unless dissolved by one year's notice prior to that date, for fifteen years longer, and so on by successive periods of fifteen years, if not sooner terminated by such notice.

Greece joined the Latin Union, October 8, 1868. The royal decree announcing its adhesion is the closing paper of this number.

THE THIRD PART relates to Germany, and contains the following documents and statistical tables:

(1.) A Report explanatory of the Monetary Law presented March 15, 1873.

(2.) The text of the laws of December 4, 1871, and July 12, 1873.

(3.) Statistical Tables selected from the appendices to the Report of March 15, 1873, and including: *A.* The coinage of gold money in the Empire of Germany since 1764. *B.* The Legal-Tender Silver Coins issued in Germany. *C.* The Subsidiary Silver Coins issued in Germany. *D.* Comparative Table of Coinage and Demonetization of Gold, Silver and Copper Coins in Germany. *E.* The Gold Coinage of Germany issued pursuant to the law of December 4, 1871, and the materials out of which the same had been made.

The new monetary reforms in Germany followed speedily after the close of the Franco-Prussian war, but the disposition to adopt the gold standard is of earlier origin. The law of December 4, 1871 (2), provided for the coinage of a ten mark piece of gold, of which 139½ in fine gold should weigh a pound. The standard was to be $\frac{9}{10}$, so that $125\frac{55}{100}$ of the new ten-mark pieces should weigh a pound. Pieces of twenty marks were also authorized. The mark was defined to be one-tenth of the ten-mark piece, and it was divided into 100 pfennings.*

Payments which must previously have been made in the silver coins of the several States, were authorized to be made in the new gold coin at rates established in the law. The fabrication of other gold coins than those thus authorized was forbidden; and all existing gold coins were to be retired at the expense of the Empire. The Chancellor of the Empire was also authorized to retire the legal-tender silver coin out of any funds under his control. Reports were to be made annually to Parliament of the progress made in the execution of the law.

* The value of the mark in United States money, as fixed by the Secretary of the Treasury under the Act of March 3, 1873, is 23 8-10 cents. For convenience in this article, we shall call it twenty-five cents.

This law did not demonetize silver, though the sixth section uses the phrase "until provision shall be made by law for the demonetization of silver," thus showing that such a law was to follow.

The law of July 9, 1873, (being the same introduced March 15, 1873,) definitively established the single gold standard. The first article begins with these words: "The monetary systems in force in the different German States are superseded by a unitary monetary system for the whole Empire, on the gold standard. The monetary unit of this system is the *mark* such as it is defined to be by § 2 of the law of December 4, 1871, relative to the fabrication of imperial gold coins." The date at which the law should go into operation throughout the Empire was to be fixed under authority of the Federal Council, by an imperial decree to be issued three months in advance. The local governments might, however, decree the introduction of the gold system within their several jurisdictions at an earlier date. In addition to the gold coins authorized by the former law the following coins were authorized: (1) A gold piece of 5 marks. (2) Silver pieces of 5, 2 and 1 mark and 50 and 20 pfennings. (3) Nickel pieces of 10 and 5 pfennings. (4) Copper pieces of 2 and 1 pfenning. The silver coins were to be $\frac{9}{10}$ fine. *The silver coinage was "for the present" limited to ten marks* (about $2.50) *a head of the population of the Empire;* and the nickel and copper coinage to 2½ marks (63 cents) a head. The legal tender of silver was limited to twenty marks ($5), and of nickel and copper to one mark (25 cents).

The circulation of bank notes of a lower denomination than 100 marks ($25) was prohibited after January 1, 1876. There are many other provisions of this law, but the foregoing are the most important to foreign readers.

The Explanatory Report (1) accompanying the introduction of the foregoing law does not discuss the question of the standards, simply stating that the adoption of the single gold standard had resulted from the discussions which followed the passage of the law of December 4, 1871. It explains in minute detail the meaning and purposes of every provision of the law, and contains valuable information as to the measures contemplated for replacing the old and ramified currencies of the several States, by the new and unitary currency of the Empire. The points of most interest to the general reader are the considerations which determined the weight and fineness of the new silver coins, their legal-tender limit, and the maximum of the emission.

Recognizing the ratio of 15½ to 1 as the average relation between former German silver and gold coins, and the fact that the old silver was exchangeable for the new gold on that ratio, it was thought desirable to adopt a stand-

ard for the new silver slightly inferior to that rate. The difference between the nominal and real value of silver coins was accordingly fixed at 11⅛ per cent., although that of the divisional silver coins of France is only 7¾ per cent., and of England 8½ per cent. (The difference in the United States is a trifle over seven per cent.)

In fixing upon the fineness, $\frac{9}{10}$ was adopted because that was the standard of old German silver, and the old coins could therefore be received without assaying.

In fixing the legal-tender limit (20 marks) while the limit under the countries of the Latin Union is fifty francs ($10), the purpose was to prevent the larger silver from competing too strongly with the five and ten-mark pieces of gold.

In fixing the maximum of the silver circulation *per capita* at ten marks ($2.50) as contrasted with the maximum of the Latin Union, six francs ($1.20), it was argued that the French limit applied only to divisional coins (those below five francs), while the five-franc pieces which are of standard silver are not limited except by the provisions of the international treaty. It is an important fact that while professing to establish the single gold standard, Germany has made so large a provision for token silver coins, that with its population of forty-one millions it will have a total of silver circulation exceeding 100 millions of dollars.

THE FOURTH PART relates to France, and contains:

(1.) A Summary of the Proceedings of the International (Monetary) Conference of 1867.

(2.) A Report of His Excellency M. Magne, Minister of Finance, to His Majesty the Emperor, on the Coinage.

(3.) The Questions (submitted to the Witnesses and Experts).

(4.) A Short Account of the Inquiry made by the Superior Council of Commerce, Agriculture and Industry, into the Monetary Question.

(5.) A Synoptical Table of the Answers given (to the Questions proposed) by the Witnesses in the Monetary Inquiry, and by the Members of the Superior Council of Commerce, etc.

(6.) The Coinage of Gold and Silver from 1832 to 1872.

(7.) The Fabrication and Demonetization of Coins from 1795 to 1871.

The International Monetary Conference held at Paris in 1867 was the immediate outgrowth of the Paris Exposition of that year, but it was properly the successor of the Convention of 1865 which created the Latin Union. Some account of it may be found in the Report upon the Precious Metals, made by Mr. W. P. Blake, Commissioner from the State of California to the Paris Exposition, published at Washington in 1869. Mr. Samuel B. Ruggles of New York was a delegate to this Conference on the part of the United

States, and reported very fully to the State Department of its proceedings. The countries represented were Austria, the Grand Duchy of Baden, Bavaria, Belgium, Denmark, the United States, France, Great Britain, Greece, Italy, the Netherlands, Portugal, Prussia, Russia, Sweden, Norway, Switzerland, Turkey and Wurtemberg. The invitation to the Conference was issued by France.

The first of the papers, of which the titles are given above, is a brief summary of the results of the Conference presented at its close by M. Esquirou de Parieu, President of the Council of State and Vice-President of the Conference.

The sole purpose of this Conference was to promote the adoption of a uniform international money in connection with a common system of weights and measures. In discussing this subject the first question encountered was that of the standards, and it may be fairly regarded as the most important question discussed. According to the report of M. de Parieu, the Conference arrived, with remarkable unanimity, at the conclusion, that the object sought for—an international money—could not be attained except upon the basis of the single gold standard. The piece of five francs in gold $\frac{9}{10}$ fine was agreed upon as the denominator, with its multiples of 10, 20 and 25 francs. The Conference was equally agreed in the opinion, that each State should be at liberty to retain the silver standard, in a state of transition.

The second paper is a report addressed to the Emperor by M. Magne, the Finance Minister, dated November 9, 1869. It recites the results of the Conference of 1867, as above stated, and also that two special commissions instituted at the Ministry of Finance to inquire into the co-existence of two monetary standards (gold and silver), and reporting severally in 1867 and 1869, had arrived at opposite conclusions; the first adhering to the existing double standard, and the last advocating its abandonment in favor of gold. M. Magne desired to see the question still more thoroughly investigated, and, therefore, proposed that the Superior Council of Commerce, which had so ably conducted the Inquiry of 1865–1869 into credit, banking, paper money, etc., should be charged with this further investigation. To this the Emperor assented. This commission held sittings from December 9, 1869, to July 29, 1870. The full report of it is contained in two royal quarto volumes published by the National Government in 1872. The papers now under review give only the questions proposed to the witnesses, a report of the conclusions arrived at, and a tabulated statement of the votes of each witness, and of each member of the commission, upon each of the eight questions propounded. This report constitutes the principal value of this collection of papers. The arguments presented for the double standard, and for the gold standard, are separately and fairly stated.

A large majority of the witnesses declared themselves in favor of the gold standard, the number of that opinion being twenty-three, against eleven for the double standard. An examination of the names and professions of these witnesses, however, reveals the fact that the minority included the bankers of the highest eminence, while the majority included chiefly the economists, publicists, and legislators. On the side of the double standard, were Rouland, Governor of the Bank of France, Rothschild, De Waru, Regent of the Bank of France, André, of Marcuard, André & Co., Wolowski, founder of the Credit Foncier, and one of the auditors of the Société Générale, and Seyd the English banker, On the side of the double standard were Levasseur, Member of the Institute, Bathelemey Saint-Hilaire, Member of the Corps Legislatif, Juglar, publicist, and the Duke D'Audiffert, statesman and publicist. M. Magne, the Finance Minister, at whose instance the investigation was had, was for the maintenance of the double standard, as is his distinguished successor M. Léon Say. It is only by a careful study of the text of the several depositions that the weight of the respective arguments can be compared. These can only be found in the full report published by the Government, of which we have made mention above. The Belgian publication is confined to a summary of the arguments presented, without any reproduction of the several depositions.

THE FIFTH PART relates to the Scandinavian countries—Denmark, Sweden and Norway. It contains

(1.) A general statement of the legislation of these countries since 1869.

(2.) A Report on the Bill to authorize the Swedish Government to ratify the Monetary Convention concluded with Norway and Denmark, in 1872.

(3.) The Monetary Convention between Sweden and Denmark in 1872.

(4.) Summary of the Report of the Swedish Commission of 1869.

(5.) The Monetary Law of Norway, of June 4, 1873.

(6.) A statement of the Coinage of the Mints of Sweden, Norway and Denmark, since 1863 and 1864.

A special Commission was appointed by vote of the Swedish Diet, in September, 1869, to examine the Monetary question. The Diet expressed a preference for the single gold standard as the basis of the future system, but, at the same time, pointed out the importance of coöperating on this subject with other nations. The report of the Commission was made to the King on the 13th of August, 1870, and published in French, at Stockholm, in 1871. It advised the adoption as a unit of the gold franc, recommended by the International Conference of 1867, and a coinage of gold pieces, $\frac{9}{10}$ fine, of 1, 2½, 5, and 10 carolins, corresponding

to 10, 25, 50, and 100 francs. These coins brought the system into harmony with that of the Latin Union, except in respect of the coin of twenty-five francs.

It also recommended a silver coinage of two francs and one franc, and fifty and twenty-five centimes, these coins to be only ¾ fine, or in the ratio of 13¾ of silver to one of gold. The recommendations of this Commission were not adopted.

On the 18th of Dec., 1872, a convention was concluded between Sweden, Norway and Denmark, which was submitted to the legislatures of the three countries, and adopted by Sweden and Denmark, but rejected by a small majority in Norway. Sweden and Denmark, therefore, ratified the convention, leaving it open to Norway to join them. This convention was based on the gold standard, with the crown for the monetary unit. It provided for a coinage of only two pieces, those of 10 and 20 crowns, $\frac{9}{10}$ fine. The silver coinage was to be of pieces of 2 crowns and 1 crown, and 50, 45, 20, and 10 öre, the bronze coins of 5, 2, and 1 öre. The value of the 20-crown piece, in French gold, is 27 francs, 77 centimes. The crown is, therefore, worth nearly 1 franc 38 centimes. It will be thus observed that the Swedish and Danish unit does not correspond exactly with the units of any other nation.

The second paper, being a report accompanying the bill to authorize the Swedish Government to ratify the convention with Norway and Denmark, explains the purposes of that act. The propriety of adopting the gold standard is advocated on the ground of a probable fall in the value of silver, at an early day. In discussing the German coinage system, which naturally suggested itself for adoption, it was argued that, as that system had no greater pretensions to an international character than the French, English, or American systems, it was not expedient to encounter the numerous inconveniencies which the selection of it would involve. It would require a complete change in the methods of computation, a fall in the ordinary price of products, and the necessity of revising the form of all contracts. It was, therefore, decided to attempt no more than a harmonizing of the metallic currencies of the Scandinavian family of nations.

The third paper gives the text of the Monetary Convention between Sweden and Denmark, which is to last till the end of 1884. The details are unimportant in this connection.

The fourth paper, giving a summary of the report of the Swedish Commission of 1869, has been already sufficiently analyzed.

The fifth paper contains the text of the Norwegian Monetary Law, of June 4, 1873. It is based on the gold standard, and provides for the coinage of a "speciedaler" containing

$1\frac{61129}{100000}$ grammes of fine gold, and divided into four crowns, and the crowns into thirty shillings—these coins to be $\frac{9}{10}$ fine. The silver coins were to be pieces of 2 crowns and 1 crown, and 24, 15, 12, and 3 skillings—$\frac{4}{6}$ fine.

The contents of the sixth paper are already sufficiently explained by its title given above.

THE SIXTH PART contains carefully compiled and exhaustive data, prepared under the direction of M. Malou, relative to the production and stock of the precious metals, the coinage of the same, the imports and exports, and the price of gold and silver from 1839 to 1873. The estimates of Humboldt, Jacob, Danson, Narcès Tarassenko-Otreschkoff (a Russian author who wrote in 1856), Roswag, Augspurg, Chevalier, Soëtbeer, W. P. Blake, and Wolowski, are respectively made use of and compared. The appendices to this part contains a great variety of tables relating to the precious metals. Some of these may be usefully compared with those appended to the report of the English Silver Commission. In a supplement are also given the movements of the precious metals in England in 1872 and 1873, the coinage of gold in Germany in 1873, and the fluctuations in the rate of discount at the National banks of Belgium, Holland, France, England and Prussia, for a considerable series of years.

THE SEVENTH AND LAST PART of this volume relates to Belgium, and contains

(1.) A letter dated October 21, 1873, from M. Malou, Minister of Finance, addressed to the principal banking institutions, of Belgium, and to six individuals of eminence, including M. Allard, Director of the Mint, and Professor De Laveleye, of the University of Liège, inviting them to a conference on the monetary question.

(2.) A Minute on the Monetary Situation, prepared by M. Malou, and communicated to those whom he had invited to meet him.

(3.) A Report of the Proceedings and Discussion of the Conference, called as above, at its three sittings of October 27th and 30th, and November 7th, 1873.

In his letter of invitation, M. Malou propounded certain questions for the consideration of his associates, and as a guide to their deliberations. These related to the following points, namely: whether the right to have silver five-franc pieces coined, then enjoyed by the public, should be withdrawn? Whether Belgium continued bound by the Convention of 1865 (Latin Union), notwithstanding the fact that Italy and France had suspended specie payments? (Italy suspended May 1, 1866, and France in July, 1870). If Belgium did remain so bound, was it expedient to call together the signatory powers with a view to the common adoption of the gold standard? These were the only subjects of international importance proposed for discussion. The Minute

which accompanied the letter of invitation, recited a variety of facts bearing on the questions submitted; a large part of it, relative to the lower denominations of coinage—nickel and copper—is unimportant.

All the parties invited attended and participated in the conference. The first and last questions discussed, namely, as to the suspension of silver coinage and the way to arrive at it, and the fabrication of nickel and bronze coins, being matters of purely local interest, would be of no interest or value to American readers. The most animated and interesting debates related to the question of the standards. On a final vote, the majority, including the representatives of the three banks, favored the single gold standard, but the minority included M. Allard, the Director of the Mint, M. De Laveleye, and the Finance Minister. In force and variety of arguments, and fullness of illustration, the partisans of the double standard had signally the advantage. The presentation of this cause by M. De Laveleye is very able, and well worth a perusal.

It was our intention to bring the notices of all these interesting documents within the compass of a single article, but as this has proved impossible we shall resume and complete them in a later number.

FLUCTUATIONS IN THE RATE OF INTEREST.

BY DR. GEORGE MARSLAND.

As medical science teaches that there are preventable causes of disease, so financial science discloses preventable causes of monetary disturbance; and in both cases the more complete our knowledge of the evil the better the prospect of correcting or removing it. The necessity for a clearer conception of the mechanism of the money market and of the forces which control it is seen in the business mistakes of experienced men every day. It is notably conspicuous in the conflicting comments elicited in various quarters by the fact, that the recent advances in the Bank of England rate were made in the face of plethoric supplies of money and a limited demand. The loanable capital in France and England is so well organized, and the communication by telegraph and otherwise is so complete, that for all practical uses the two money markets may be regarded as one, and the supplies in Paris are readily available in London. Hence,

it appears somewhat singular that while the rate of discount in Paris has for months remained tranquil at two per cent., in London there have been several recent fluctuations, and on the 10th October another advance was made by the Bank of England to five per cent., the present rate. It is important that such anomalies as this should be explained, and without attempting to develop the whole problem we will present a few preliminary facts and practical suggestions to aid our readers in solving it for themselves.

The rate of interest has very properly been defined to be the price paid for the loan of capital, and capital is a commodity of which the price oscillates more suddenly and more widely than any other commodity known to modern commerce. These fluctuations continue from year to year, although hundreds of millions of capital are transferred from hand to hand in the money markets of Europe and of this Continent every day. How much mischief has been done to commerce by the sudden variations in the rate of interest many eloquent observers have often expounded, and, if some of the causes of these variations are preventable, it is highly necessary that their nature should be pointed out and the proper remedies suggested. At first sight an inexperienced economist, fresh from the schools and wise in the wisdom of Adam Smith, J. B. Say, or of Mill, Ricardo, Perry and Bowen, would be inclined to say that nothing is easier than to point out the causes and the remedy for the excessive fluctuations in the rate of interest on loanable capital. As is the case with other commodities, the controlling cause of the fluctuations in the price of capital on loan, he would tell us, is the fluctuations in the supply and demand, and to correct the effect we have only to deal with the single cause to which it is due. But a little experience will soon set our young friend right. In the ideal perfection which, for aught we know, may be reached by the money market of the future, it may, perhaps, happen that the rate of interest will vary directly with the supplies of loanable capital, without perplexing perturbations from subordinate but obstinate causes; but in the far from perfect money market of our day this is by no means so, and in Wall Street, one great distinction between the successful man and the candidate for bankruptcy is, that the former is more quick and skilful than his competitors in discerning these occult and subordinate causes, and in utilizing his observations.

If, for a moment, we look at the recent advance of the Bank of England rate from a business point of view, perhaps the chief points about it are how it originated, whether it will be kept up, and what influence it will have on the financial interests of this country. On these questions, one of the best authorities, the London *Economist*, in its issue of October 13th, gives some suggestive information. It says:

"On Thursday the directors had to put up the rate again to five per cent., at which it now stands. It would be premature as yet to say whether the present rise will be sufficient to retain the reserve at an adequate point. It is now under nine millions and a half, and if we exclude the gold and silver coin, which really only represents in general terms the contents of the 'till' of the bank, under nine millions. This is but a small reserve for the Bank of England to keep, especially early in the month of October, when the full autumnal demands of England for the purposes of domestic currency are, probably, yet barely supplied. There is also a probability of a considerable demand for America shortly, and also a demand for France later on in the season. The raising the rate of discount here will undoubtedly tend to lower the price of American securities, and it is possible that some of these may be bought in London and transmitted to America. We have heard already of this being done in some instances; and as far as it goes, such a transfer of securities will take the place of an export of bullion. But this may not be done to any great extent. The American banks may say, 'we must have bullion,' and the state of their accounts and the position of their liabilities to the public in relation to the reserve required by the American banking law, renders it not improbable that they may do this. Should this be the case, the demand on this account will fall on the reserve of the Bank of England. The probability, therefore, is of a further demand of bullion for export. In this case it is hardly likely that the present rate will be sufficient to maintain the reserve at an adequate amount. The precedents in recent years point in the direction of a further rise being needed. In 1872, a rise to five per cent. on October 3d was followed by one to six per cent. on October 10th, culminating in seven per cent. on November 9th. In 1873, a rise to six per cent. on October 14th, was only a temporary stage to a gradually ascending movement, which steadily went on to nine per cent. on November 7th of that year. In 1874 a rise to four per cent. on October 15th, was followed by five per cent. on November 19th, and six per cent. on November 30th, The experiences of 1875 and 1876 scarcely assist us in this matter; but an analysis of the accounts of the Bank of England, in recent years, shows that there is a tendency rather to an efflux than an influx of money in the month of November as compared with October. In one respect, there is in all probability a great difference between the state of matters this year and last. The average bankers' balances were, October, 1876, £15,637,000, and in November, 1876, £13,030,000. The amounts for the present year are not known, but it is hardly possible that they can reach anything like this sum. It is almost impossible yet to say whether the raising the rate to five per cent. will be sufficient to

prevent an efflux of bullion. The rate of exchange on France has slightly responded to the call—the rate on Germany has done so with a little more briskness. The fact that the Bank of England raised the price of the American 'eagles' which it held, a half-penny per ounce, has sufficed to cause a demand for those coins to be held over for the present. But the exchange with America may again decline to a point at which the export of 'eagles' even at the enhanced price, may prove profitable. At all events, the fact shows us the class of demands which are hanging over us; and it is well to bear these things in mind. The reserve of the Bank of England, we have continually to repeat, is the one available source of supply to meet any demand for ready money in the country, and a reserve of anything less than ten millions sterling, is a very small one for the Bank of England." Our contemporary goes on to explain that, "sooner or later the raising the rate of discount by the bank invariably procures additional supplies of specie or bullion to be added to that reserve." He very significantly adds, however, that the remedy requires some considerable time before it comes into full force "inasmuch as its action is slower than it used to be, because the influence of the Bank of England over the money market is less powerful than in times past."

Now what is the obvious deduction from all this? Is it not that, if any banker or merchant wants to forecast the movements of the money market he must take into the account many other considerations besides the supply and demand of loanable capital, and that, if he shuts his eyes to these facts he cannot grasp the monetary situation or foresee the movements of the rate of interest in France, Germany, Holland, the United States, or wherever else his business may be? It will not facilitate his investigations or aid his business ventures to say that throughout the world the daily movements of the money market are subject to certain tidal currents which are controlled by the great laws of supply and demand, just as the ocean tides are controlled by the law of gravitation. For every day's experience shows that in both cases the operation of the one controlling law is disturbed and obscured by various subordinate forces which are very diverse in different localities. The difficulty of investigating these causes should not deter us from the labor needful for observing and measuring them. It has been affirmed that, of the mercantile failures which have been so multiplied of late years, nearly one-third might have been wholly prevented if the insolvents had been more familiar with monetary laws, and better able to foresee the approach of the financial squalls by which their richly freighted barks were wrecked.

A second deduction is that besides the numerous subordinate causes which operate generally and disturb all the

money markets of Europe and of this country, there are two special causes which are peculiar to England and are just now disturbing the money market of London. The first arises from the fact that since the suspension of specie payments in France, London has become, more than ever before, the centre of the foreign exchange business and the clearing house for the whole commercial world. Hence the demand for specie to settle international balances is now more active than formerly and more difficult to control. In the next place the Bank of England has devised and made no new expedients for meeting this new demand for specie. And the need for such expedients is the greater from the fact that the export trade of England is now somewhat smaller than it was, and that her command over the foreign exchanges is thus made weaker and more precarious at the very time when it may be called on to act with its full force at short notice.

Thirdly, it appears from the *Economist* that there is a disposition on the part of the English banks to rely on the reserves of the Bank of England more than, under present circumstances, is desirable or safe. Everywhere else than in England it is an axiom so fundamental that nobody thinks of denying it, that every bank that receives deposits which it promises to pay on demand is under a public obligation to guarantee and support its promise, by keeping adequate reserves of actual cash in its own vaults. In London the singular theory has obtained "that the banks can escape in part from this fundamental obligation, inasmuch as the Bank of England is the only holder of the ultimate specie reserve for the banking system of Great Britain." More than ten years ago the writer endeavored to demonstrate by facts universally acknowledged that, if this theory were accepted, the Bank of England must adopt some new method of replenishing its specie reserves; and that it was only just for the banks which profited by the reserve to bear a part of the expense of providing the coin and bullion. We contended that the large banks which do business around the Bank of England have no right to depend on that institution for specie reserves in times of panic. In proving that the operation of the new theory was dangerous and that at some time or other it might become fatal, we showed that one of its evils was that the Joint-Stock Banks, whose aggregate of deposits was then seventy millions, and has since reached 100 millions sterling, were encouraged to adopt a policy which, though profitable to themselves was mischievous to the community. For if these banks were allowed to keep a very small proportion of actual cash in their vaults, they must be wholly dependent upon the Bank of England to help them with its reserves when the money market became stringent, or when a panic was imminent, so that the evils

and the frequency of financial revulsions must be greatly enhanced. At the same time on various grounds this new theory was opposed by Mr. Hankey, and by a number of men of great experience as financiers and statesmen. But the banking interest was so strong, that both in Parliament and in the press the principle was continually affirmed that the Bank of England must be regarded as holding the ultimate reserve for all the other banks of Great Britain.

We believe the public attention was first directed specially to this theory soon after the Overend panic of 1866. The earliest mention of it which we remember was in the *Economist* of 22nd September 1866, which gave a report of the annual meeting of the Bank of England, with an editorial article that began by saying that "the meeting of the bank shareholders just held might be considered to admit and recognize the fact that the Bank of England keeps the sole banking reserve of the country." The article continues as follows: "We have often insisted that the Bank of England does keep the sole real reserve—the sole considerable unoccupied mass of cash in the country; but there has been no universal agreement about it. Great authorities have been unwilling to admit it. They have not, indeed, formally and explicitly contended against it. If they had, they must have pointed out some other great store of unused cash besides that at the bank, and they could not find such store. But they have attempted distinctions;—have said that the doctrine that the Bank of England keeps the sole banking reserve of the country was 'not a good way of putting it,' was exaggerated, and was calculated to mislead. But the late meeting is a complete admission that such is the fact." The doctrine set forth in this article, as Mr. Bagehot, the editor, acknowledges in his book *Lombard Street*, "was much disliked by many of the bank directors and especially by some whose opinion is of great authority. They thought that the *Economist* drew 'rash deductions from the speech of the governor which was in itself' open to some objection—which was, like all such speeches, defective in theoretical precision, and which was at best only the expression of an opinion by the governor of that day, which had not been authorized by the court of directors, which could not bind the bank."

Notwithstanding all argument against it, however, the new theory was upheld and triumphed, although its author himself says, that in the first place "the bank has never by any corporate act or authorized utterance acknowledged the duty, and some of its directors deny it. Secondly, what is even more remarkable, no resolution of Parliament, no report of any committee of Parliament, no remembered speech of a responsible statesman, has assigned or enforced that duty on the bank; and thirdly, what is more remarkable still,

the distinct teaching of our highest authorities has often been that no public duty of any kind is imposed on the banking department of the bank; that for banking purposes, it is only a joint stock bank like any other bank; that its managers should look only to the interest of the proprietors and their dividends; that they are to manage as the London and Westminster Bank or the Union Bank managers." Mr. Bagehot concludes by saying that "it seems exceedingly strange that so important a responsibility should be unimposed, unacknowledged and denied." And then proceeds to support it by several arguments which are based on the assumption that the "no reserve system" was established and was so firmly rooted that it must be accepted and could not be changed.

As Mr. Bagehot's new theory is likely to be given up before long, and the system founded upon it modified, it may be interesting to know that the vigorous opposition which it met on every side was well supported by some of the most eminent of the London bankers. In 1866 Mr. Hankey exposed its dangers as follows: "The *Economist* newspaper has put forth what in my opinion is the most mischievous doctrine ever broached in the monetary or banking world in this country, viz., that it is the proper function of the Bank of England to keep money available at all times to supply the demands of bankers who have rendered their own assets unavailable. Until such a doctrine is repudiated by the banking interest, the difficulty of pursuing any sound principle of banking in London will be always very great. But I do not believe that such a doctrine as that bankers are justified in relying on the Bank of England to assist them in time of need is generally held by the bankers in London. I consider it to be the undoubted duty of the Bank of England to hold its banking deposits (reserving generally about one-third in cash) in the most available securities; and in the event of a sudden pressure in the money market, by whatever circumstance it may be caused, to bear its full share of a drain on its resources. I am ready to admit, however, that a general opinion has long prevailed that the Bank of England ought to be prepared to do much more than this, though I confess my surprise at finding an advocate for such an opinion in the *Economist*. If it were practicable for the bank to retain money unemployed to meet such an emergency, it would be a very unwise thing to do so. But I contend that it is quite impracticable, and if it were possible, it would be most inexpedient; and I can only express my regret that the bank, from a desire to do everything in its power to afford general assistance in times of banking or commercial distress, should ever have acted in a way to encourage such an opinion. The more the conduct of the affairs of the bank is made

to assimilate to the conduct of every other well-managed bank in the United Kingdom, the better for the bank, and the better for the country at large."

We need not pursue this dispute further. Enough has been said to show that the new theory has never been unanimously accepted, and has always been regarded by good authorities as full of danger. What these banks paid to the Bank of England or to the country as a consideration for the exceptionable privilege of holding deposits without adequate reserves has never been stated, nor have Mr. Hankey's arguments against the theory been ever refuted or fairly met. To us it seems inevitable that, at no very distant time, the banks in London, like those of other great financial centres, will have to depend upon themselves for the keeping of the proper amount of specie reserve to meet their liabilities. Had this beneficent policy been adopted, the movements of the Bank of England rate would not have been so numerous as they have been since the new theory has been in operation which has worked so much mischief. To illustrate the extent of the fluctuations in the rate of interest of the Bank of England since 1857, we give the subjoined table:

CHANGES IN THE BANK OF ENGLAND RATES, 1857–1876.

P. Cnt.	2	2¼	2½	3	3½	4	4½	5	5½	6	6½	7	8	9	10	*Changes in Rate.*	
Year.	*Days.*	*Days.*	*Days.*	*Days.*	*Days.*	*Days.*	*Days.*	*Days.*	*Days.*	*Days.*	*Days.*	*Days.*	*Days.*	*Days.*	*Days.*	*Advance.*	*Reduct'n.*
1857	—	—	—	—	—	—	—	—	84	130	71	10	21	4	45	6	3
1858	—	—	22	301	7	7	—	14	—	7	—	—	7	—	—	0	6
1859	—	—	288	35	14	—	28	—	—	-	—	—	—	—	—	2	3
1860	—	—	18	13	—	226	33	62	—	14	—	—	—	—	—	8	3
1861	—	—	—	54	49	21	14	49	—	91	—	53	34	—	—	3	8
1862	88	—	147	120	—	—	—	—	—	-	—	—	—	—	—	2	3
1863	—	—	—	31	12	241	—	25	—	27	—	8	21	—	—	8	4
1864	—	—	—	—	—	—	—	—	—	106	—	102	81	77	—	7	8
1865	—	—	—	42	21	98	53	38	14	49	—	50	—	—	—	8	8
1866	—	—	—	—	11	42	42	21	—	56	—	37	59	1	96	5	9
1867	159	—	56	112	38	—	—	—	—	—	—	—	—	—	—	0	3
1868	324	—	14	28	—	—	—	—	—	—	—	—	—	—	—	2	0
1869	—	—	77	183	21	49	35	—	—	—	—	—	—	—	—	3	4
1870	—	—	93	216	16	12	7	7	7	7	—	—	—	—	—	4	6
1871	70	28	124	66	14	23	—	40	—	—	—	—	—	—	—	4	6
1872	—	—	—	123	76	50	7	47	—	44	—	19	—	—	—	9	5
1873	—	—	—	35	76	60	44	45	—	57	—	22	13	13	—	11	13
1874	—	—	42	70	119	81	8	14	—	31	—	—	—	—	—	6	7
1875	56	—	21	84	147	43	—	7	—	7	—	—	—	—	—	5	7
1876	255	—	—	14	14	62	—	21	—	—	—	—	—	—	—	1	4
Tot.	962	28	902	1527	635	1015	271	390	105	626	71	301	236	95	141	91	110

From these figures it appears that the rate of seven per cent. or higher lasted 773 days, a period not equalled in any other country of Europe. As has been shown the Bank of France, during the period covered by the foregoing table, changed its rate very seldom, while the Bank of England disturbed the money market by more than two hundred oscillations. Another singular circumstance is that, except in 1857 and 1864, the rate of six per cent. was very rarely

sustained, but that the rate of two, three, and four per cent. prevailed during about one-half of the whole period. In these and other facts we find reason to believe that the perturbations were artificial, and that in proportion as the London joint stock banks hold their own reserve, and an improved method is adopted for replenishing the specie reserves of the Bank of England, the rates of discount will fluctuate much less frequently and less prejudicially to business than heretofore. An analysis of the evidence above adduced, shews that on many former occasions as now the rapid upward movements which have been made in the price of loanable capital in London have come from no excess in the demand for loans, but from other causes, some of which were artificial and preventable. The Bank of England has put up its rate of interest, not because the demand for money exceeds the supply, but simply because it is losing its specie reserve, and because gold is being shipped out of the country. The supply of idle money in London continues very abundant, and the demand is comparatively small. But there has been, from circumstances which should be carefully explored, in the history of the different periods, a drain of the precious metals from the vaults of the bank; and as the other banks in London do not feel bound to keep any considerable amount of specie reserve, but depend on that of the Bank of England, every movement in the level of the Bank reserve has been regarded with over-sensitive anxiety. For although the old expedient for checking such a drain by the advance of the rate of interest is no longer so efficient as it was, no better method has as yet been substituted. We need not remind the reader that except the other money markets of Europe respond, and advance their rates to the same level as the Bank of England, that institution must soon receive a large addition to its present over-abundant supplies of idle capital. For money, if it will command a better rate of interest in London, will assuredly flow thither in obedience to a law as irresistable as the law of gravitation. Indeed, the movement is being accelerated by the Bank which is borrowing on its consols. Whether this movement will turn the exchanges in favor of England remains to be seen. For the time it appears to have checked the flow of gold from the Bank of England; but if, as in 1866, it fails to turn the exchanges, a protracted period of financial anxiety and monetary disturbance may occur in London. We think that it will be difficult, if not impossible, to keep up the rates of interest in England until they bring any considerable amount of gold through the exchanges into the vaults of the Bank. Hence, the probabilities seem rather in favor of some new expedient being adopted for the purpose. What the new measure will be, and how it will work, is one

of the most interesting monetary problems now offered to English economists and statesmen. In proportion as it is successful, this new method of attracting gold and of replenishing the banking reserves will not only remove or modify one of the most formidable of the anomalies in the loan market of Great Britain, but it will give us a fresh guarantee of no small value for the stability and ease of our own financial situation, during the critical period of the transition to specie payments.

RESUMPTION OF SPECIE PAYMENTS.

An article in the November-December number of the *North American Review* groups together the opinions of six well known writers on the metallic and paper sides of the important question. The positions assumed by them are substantially as follows:

Mr. HUGH McCULLOCH attributes all the great financial troubles of this country to an excess of paper money. The legal tender acts were comparatively innocuous while defended only as war measures. The repeal of the provision for funding them into bonds, and the decision of the Supreme Court which made the notes legal tender for debts contracted before their creation, marked a change in public sentiment which foreboded evil. But the Supreme Court has never yet held that legal tender notes may be issued in time of peace. The Resumption Act was, at least, an inconsiderate measure. It pledged the nation to resumption of cash payments, January 1, 1879, but failed to provide the means of doing it. When it was passed there were 700 millions of paper money afloat, and its volume has not been since materially reduced. Before the war the largest amount was 214 millions. It is not safe to calculate that there will be less than 600 millions outstanding on the day fixed for resumption, nor more than 130 millions of specie to resume with. So long as Europe holds six or seven hundred millions of our securities, much gold cannot be drawn from that side by an excess of exports, since trade is necessarily a barter of commodities other than money. The Eastern war and its demands on us may stop at any moment, and with exports checked, our power to accumulate gold for resumption will be largely curtailed; for though rich in capacity to produce, the United States is not rich in accumulated wealth. Nevertheless, though a crude and ill-considered piece of legislation, the Resumption Act should not be repealed but strengthened. Contraction of the legal tender notes by funding into 4½ per cent. bonds and the temporary issue of

gold notes to be held as a part of bank reserves are the auxiliaries recommended. With these auxiliaries the gold premium will be so reduced that the date of resumption may be postponed to January 1, 1880, without injury to public credit. Prices will not fall farther by contraction. They have reached bottom already, while paper money was so abundant that banks voluntarily surrendered their circulation. The metallic standard should be gold. England and Germany have decreed it, and France, Holland and Belgium are determined to follow their example. The United States must not surrender its share of the benefits of the best currency. The President and Secretary of the Treasury should speak out on this question.*

Mr. WILLIAM D. KELLEY regrets that the space to which he is limited, "permits but an imperfect statement of the facts which preclude the possibility of resuming specie payments at the time fixed by statute, and of the terrible but inevitable consequences of the relentless but ineffectual efforts of the Government in that direction." Germany and the United States are prostrated in their industries because they disregard two primal laws: "1st, that it is labor that supports society and provides revenues for Government; and 2d, that market values, the world over, adjust themselves to the volume of money in use by the commercial nations at any given time." France and Italy are prosperous, because they use gold, silver and irredeemable paper. Secretary McCulloch caused confidence to wither and capitalists to avoid new undertakings when, after the war, he announced his policy of conversion of the floating debt into long bonds, and contraction of the currency and resumption through the agency of compound-interest notes. The Resumption Act was a party and parliamentary trick, against which the country had no time to protest. It decreed resumption not for Government alone but for all debtors, States, municipalities, corporations and citizens alike, and resumption in gold. If carried out, banks will be swamped by a run on their deposits. Where is the gold to come from? It cannot be drawn from Europe, since even in the case of the paltry fifteen millions due to us by the Geneva award, the Bank of England bullied us into foregoing payment in bullion according to the award, by threatening to close the London market to Federal bonds. The French example is our condemnation. With an abundant circulating medium, France has kept her industries active,

* Certain propositions of Mr. McCulloch with reference to the standards seem to us too sweeping. It is by no means necessarily true that "a double standard means a silver standard," nor that "the adoption of it would make gold an article of commerce, and drive it out of the country." If the double standard were adopted by the United States in concert with the principal European nations, even without England and Germany, there is high European authority, at least, for believing that that standard could be as well maintained as it has been for the last half century. Gold is now merchandise, and the remonetization of silver cannot make it more so, but may, if judiciously managed, make it money. Nor do the public discussions in either France, Belgium or Holland justify Mr. McCulloch's other assertion, that these countries are committed to the gold standard.

and made profits with which to purchase bullion. In this country we have idleness, poverty, discontent, declining valuations of real estate, taxes paid out of principal and not out of profits—all these things being "the inevitable results of an attempt to reach specie payments by contracting a volume of legal tender which was in the main actively, legitimately and profitably employed." "Do not our financial methods tend rather to repudiation than to resumption?"

Mr. David A. Wells argues that the date of resumption having been fixed by law, is thus incorporated into the contract printed on the face of every note, which by law now reads as follows: "The United States will pay to bearer one dollar on the first day of January, 1879." He quotes the language of the Constitution that "*the validity of the public debt of the United States, authorized by law, shall never be questioned.*" Without a violation of his oath, therefore, no Congressman can vote to repeal the Resumption Act. But if resumption should be found to be financially impossible at the date named, the legal tender notes, *proprio vigore*, would draw interest when overdue and unpaid. Such is the doctrine of the common law with regard to time-paper due and dishonored. If, therefore, resumption cannot be effected on the 1st of January, 1879, Congress should authorize the notes to be stamped, and bear current interest from the date of presentation. This is funding, and the Resumption Act is therefore potentially a funding act after January 1, 1879. But no default need in fact occur. The Secretary of the Treasury has ample powers, under the Act, to sell bonds bearing 4, 4½ or 5 per cent. interest, and with the two latter classes above par, there would be no lack of means with which to make an effective resumption. The long road to specie payment is already nearly traversed, and the heat and the labor of the journey are substantially ended. On the morrow of resumption men will awake to find that they are neither ruined nor saved from ruin by it. The change to a better condition of things will not be instantaneous but it will be sure.

Mr. Thomas Ewing denounces the Resumption Act as an insidious measure to deprive the people of greenbacks—the best paper currency they ever had, or ever will have. The Treasury will not need to accumulate much gold to resume with. "The amount of redemptions per day will no doubt be limited to one or two millions, which could be furnished by a patriotic Syndicate in exchange for five per cent. bonds. In fact, the New York gold ring alone could supply the most of the coin needed." The legal tenders will thus be redeemed and destroyed, and our currency contracted over one-half. The banks cannot supply a paper currency redeemable in gold. Specie payments cannot be maintained without a rapid reduction of our effective circulation to one-third or

one-fourth of its present volume, for the obvious reason that we have not got and cannot get the coin to redeem with. Situated as we are—"having not a third as much coin as any other great people; having three times as much paper money as was ever yet maintained redeemable in coin in any country, however rich in the precious metals; owing and expending more than any other nation, and therefore utterly unable to keep coin, if extracted from foreign markets—resumption can only be maintained, if at all, by an enormous contraction of our paper currency." "The effect of the contraction will be to double, and probably treble or quadruple all debts and taxes, by shrinking in that proportion the value of everything with which money can be got to pay them." "The fall of values consequent on this law has already nearly doubled all private debts, of which the aggregate is about $7,000,000,000 or three and a half times our National debt." "This law enacts a robbery of debtors, tax-payers and laborers more gigantic than ever was perpetrated by a conquering on a conquered people. It ought not to be and cannot be executed." "Let it forthwith be repealed." "Let us issue legal tenders in place of bank notes, and with the new issue buy up and destroy a part of our bonds; open our mints again to the free and unlimited coinage of the old silver dollar; bring all our money to one par by making it all equal legal tender, except when otherwise provided by contract; and when our paper, silver, and gold dollars are of equal value, we need not fret about resumption of specie payments."

Mr. JOSEPH S. ROPES is of opinion that the real difficulty "lies not in the resumption of specie payments, but in the re-establishment of the specie standard,"—meaning that equilibrium in the prices of all commodities, which results from the constant measuring of each by an inflexible standard common to all—metallic money. The ups and downs in business, alternations of activity and depression, have been due to this cause, and have latterly diminished, not because of the small curtailment of the currency, but because actual ruin has, in most cases, put a stop even to alternations. It is most desirable that the customary volume of money in a country—even of the best money, and of credit which takes the place of it—should not be suddenly changed. Germany is the victim of too rapid an enlargement of the credit circulation, based on the precious metals, just as the United States is by the excessive issue of circulating credit paper. Before the war, the coin and paper in circulation in this country did not exceed 250 millions, nor the bank deposits an equal sum. Adding fifty per cent. for increased population, and it may be possible to circulate $300,000,000 or $400,000,000 of coin and redeemable notes. There is no experience or analogy to justify the expectation of maintaining at par with coin

$200,000,000 more than that amount, and an equal excess of bank deposits. Mr. Ropes, therefore, thinks that the huge pile of gold which may be accumulated in the Treasury prior to January 1, 1879, will only be let loose to be scrambled for, and that a new suspension will inevitably follow the exhaustion of the supply. A net premium of one per cent. would be enough to empty the Bank of England, and with resumption in France, or a general war in Europe, the existing premium on gold might be considerably advanced and maintained till the date of resumption. His remedy is the old and homely remedy of *contraction* which gradually and insensibly teaches business to operate with less money, and affects prices so slowly that the burden of their fall is widely distributed and lightly felt.

Mr. Secretary Sherman reviews all the papers and closes the debate. He charges upon Judge Kelley and General Ewing the gross mistake of attributing to an act, which was not passed till 1875, the financial disasters which culminated in 1873, and the only real cause of which was the unparalleled inflation of paper money and credits since the war. The Resumption Act was the remedy for these disasters, all of which had already happened, or were in the necessary train of events, and its practical results are among the chief causes of our present improved and improving financial condition. The war left us very much poorer than it found us, and when we should have contracted our currency and started again on a solid basis, we expanded our credit circulation, and ran into an insane career of debt-making, of which the only possible issue was bankruptcy. "It would be just as idle now to keep up this inflation with the hope of prosperity, as it would be to advise a drunkard to keep on drinking in the hope of reform." "To attribute failures and distress to the Resumption Act instead of to depreciated paper, is like swearing at the doctor for causing pains in administering remedies for a raging fever." "The experiment of further inflation to cure inflation was fairly, though illegally, tried by throwing into the maelstrom $26,000,000 of United States notes that had been retired and cancelled." The Resumption Act was the result of "a public sentiment which had crystalized in favor of some step towards the resumption of the specie standard." The methods of resumption were not as clearly prescribed as they ought to have been, but ample and definite powers were conferred on the Secretary of the Treasury, and four years were given in which to accomplish the result. Specie payments can be, ought to be, and will be secured, if the law is not repealed by Congress. With the general propositions of Messrs. McCulloch and Ropes, the Secretary mostly agrees, but other methods of resumption than those provided by the act are not now in order. Congress has distinctly refused to con-

tract the greenbacks by funding, and what then is the use of wasting further ammunition on that plan? If the country were strongly agreed as to the policy of any resumption, its friends might safely differ as to the means; but with a bare majority, they should cling to the only plan which is likely to be opened to them, and combine to make it a success. The Secretary does not agree with General Ewing, that the entire volume of greenbacks is doomed by the Act of Resumption. He thinks $300,000,000 may safely be kept as a permanent currency, letting the ebb and flow of paper money fall upon bank notes. On the silver question, Mr. Sherman thinks that it "may be made a most essential aid to resumption *if confined either in the amount or mode of issue, or in its legal-tender quality. If issued without limit, upon the demand of a depositor of silver bullion, it is the substitution of a single silver standard, instead of the gold standard.*"

A QUERY—HAS CONGRESS THE RIGHT, UNDER THE CONSTITUTION, TO DEMONETIZE SILVER OR FOREIGN COIN?

This question, if it be a question, is one of Constitutional construction, and may be considered calmly, without either heat or extravagance, without entering the arena of discussion as to the relative advantages of mono-metallism and bi-metallism, without accusing the one side of extortion or the other of dishonesty, and without dwelling upon the comparative hazards of further inflation on the one hand or further contraction on the other.

Turning to the Constitution as a guide, we find bearing upon the subject the following provisions:

"Congress shall have power
(1) To coin money, regulate the value thereof, and
(2) Of foreign coin." Art. 1, Sec. 8.

"No States shall
(1) Coin money, or
(2) Make any thing but gold and silver coin a tender in payment of debts." Art. 1, Sec. 10.

These various provisions contain all that the Constitution prescribes on this subject, and, as is evident, they are *in pari materia*, and are to be construed together.* Congress has thus the exclusive right to coin money. What is money? "Money," at common law, is both gold and silver, and both gold and silver were legal tender at common law at the time of the adoption of the Constitution.† It was not necessary, therefore, to authorize either Congress

* 12 Wheat. 265. † Co Litt, 207; 2 Inst. 577.

or the States to make gold and silver legal tender, for they were legal tender already, but the prohibition to the States to make any thing else legal tender, recognizes them and confirms to them and both of them their previous legal-tender function. No power is expressly granted to Congress upon the subject of legal tender, hence any power which it may have must be derived by inference or implication from other powers which are expressly granted; on the other hand there is no prohibition to Congress as there is to the States limiting their power in this regard to gold and silver only, and hence is derived the authority to Congress to make some thing else besides gold and silver, viz: Treasury notes, legal tender. Gold and silver derive their legal-tender function not from Congress, nor even directly from the Constitution, but from the immemorial common law recognized in this regard and sanctioned by the Constitution. This being the case, has Congress the right to take away from gold and silver, or either of them, this legal-tender function? If it have the right to take it away from either, it would seem to have the same right as to the other, or as to both together. It would appear to be a startling proposition that we have no Constitutional money, that Congress could demonetize gold also, and this too, not only in a great public exigency and indirectly by introducing a paper currency, but at any time and directly by positive enactment. And yet, how can we legally distinguish between gold and silver in this respect, or between either and both? Is not this one of those inventions which may return to plague the inventors?

The legal-tender cases, so-called, are obviously not to the point. They decide that Congress may give to a third thing, to-wit, Treasury notes, a legal-tender function, if necessary and proper to the exercise of other powers; but the question as to limiting or destroying the legal-tender function of the two things, to wit, gold and silver, that were legal tender already, was not before the Court. The question is, therefore, not whether Congress has the right, under certain circumstances, to make a third thing legal tender, because, in its legislative discretion it judges it to be necessary and proper to the effectual exercise of other undoubted powers, but whether it has the power to make that cease to be a legal tender which has always been a legal tender before, and which the Constitution expressly recognizes and affirms as such. If it have such power, where does it get it from?

The provisions of the Constitution giving power to Congress in this matter are, as we have seen, but two:

(1) It may coin money, and may indeed omit to coin it, but that is all. It can hardly be argued that from the mere right to coin, can be derived the power to deprive it when coined, of what may be called its inherent quality as coin, viz: to circulate as currency and be a legal tender.

(2) It may regulate its value. But to displace it, to deprive it of its natural function as legal tender, is not to regulate but to destroy its value as money. The words "to regulate its value," as applied to money, had when the Constitution was adopted, and have now, a distinct and obvious meaning, consistent with the other provisions upon the subject, namely, to prescribe its rate, but not to prohibit its use, or limit the amount at which it shall pass current. Having coined it and having regulated the rate at which when coined it shall be money and pass current, where does Congress get its authority to forbid its passing current at that rate as a legal tender to any amount?

Like considerations apply to the case of foreign coin. The provision in the Constitution, included with the provision as to native coin, is that Congress shall have power to "regulate the value" of foreign coin. It is not easy to see, and it has never been pointed out, how a distinction can be taken. It may also here be noted that this delegation of power to Congress in the matter of foreign coin is not in its terms exclusive, nor is a like power prohibited to the States, and it might perhaps be made a question whether, if Congress fails to exercise the power, the States would have any rights in the premises. At all events if the value of such coins is in any way regulated by Congress, can any reason be given why at that rate they are not recognized as money by the Constitution, and why they should not pass current as such and be a legal tender?

The history of this legislation, as regards both native silver and foreign coin, is curious and should be better known. The Act of February 12, 1873, revising and amending the laws relative to the mints, assay offices and coinage of the United States, authorized (§ 47) the coinage of a trade dollar which was a new coin, and sundry other silver coins, and provided that "*said coins* shall be a legal tender at their nominal value for any amount not exceeding five dollars in one payment." The Act also provided (§ 17) that no coins should thereafter be issued from the mint other than those prescribed in that Act. The legal effect of the several provisions was, to enact that the silver *thereafter coined* should be a legal tender to the amount of five dollars and no more. But the U. S. Revised Statutes go further than the law they purport to revise, and provide generally (§ 3586), "The silver coins of the United States shall be a legal tender at their nominal value for any amount not exceeding five dollars in any one payment," thus enlarging the scope of the Act of February 12, 1873, which is referred to in the margin, and which it was intended only to revise, and covering the whole field of American silver, past, present and to come.

So with regard to foreign coins. The Act of February 21

1857, repealed all former Acts authorizing the currency of foreign gold and silver coins and declaring the same a legal tender, thus leaving the matter of foreign coins without legislation in these respects, which omission the revisers, inadvertently perhaps, but without disclosing it as it would seem, undertook to supply and did supply in the following sweeping provision: "No foreign gold or silver coins shall be a legal tender in payment of debts." U. S. Rev. Stat., § 3584.

Suppose it should be held judicially (and there is some reason, and some authority for the position) that the Constitution intended that foreign coins should circulate as money—that it was not necessary for Congress to authorize their currency, but that upon their value being regulated, they became, at the regulated rates, money under the Constitution without further authority from Congress. We should then find that their circulation was prohibited, not indeed by any specific Act of Congress, but by the Revised Statutes (§ 3584), which undertook to go, and did in fact go further than the law they purported to revise. In both these cases, therefore, viz., as to silver and as to foreign coin, it would seem that the revisers changed the law they were appointed only to revise. It has not been generally understood that to "revise" all the Statutes in bulk means to alter and amend them, but if that be a correct construction, it may perhaps also be true, by some parity of reasoning, that to "regulate the value" of money means to displace it, by destroying its function as money.

LEX SCRIPTA.

THE U. S. MINT AT CARSON.

This Mint was built under the supervision of Abraham Curry, a pioneer resident of Carson City; and, after its completion in 1869, he was appointed Superintendent. In 1871 he resigned, and was succeeded by Henry F. Rice, of Carson, who remained in office until July 1st, 1873. Frank D. Hetrich then assumed the responsibilities of this Mint as Superintendent. His resignation was accepted September 8th, 1874; and James Crawford, the present incumbent, appointed in his stead.

The bullion, which is and has been operated upon in the Carson Mint, is principally the product of Nevada, and the bulk of it is derived from the Comstock lode. For the past three years the Consolidated Virginia and California mines have stood foremost among the bullion-producing mines in this region. This Mint is only sixteen miles removed from the Comstock lode.

The present officers of this Institution are: James Crawford, Superintendent; Theo. R. Hofer, Chief Clerk; Geo. W. Bryant, Melter and Refiner; Wm. Penn Prescott, Assayer; Levi Dagne, Coiner.

The force of operatives and clerks is now eighty-one in number.

The refining capacity of this Mint is 350,000 ounces, standard bullion, per month. The coining capacity, when running full, is per month in Trades, $200,000; in Halves, $150,000; in Quarters, $150,000; in Dimes, $100,000; and in Gold, $500,000; making a total of $1,100,000.

With the present force, however, only forty per cent. of the above work can be executed.

THE NATURAL SUM OF THE NATION'S MONEY.

BY CHARLES H. CARROLL.

There are merchants who say that, in buying goods with a bank note or check drawn on a discount deposit they do the same thing in principle as in buying on a banker's letter of credit. They are mistaken. The difference between the two instruments is world wide; it is the difference between a lie and the truth. The bank note or check is of course all right when used as an instrument to circulate the money behind it; the money so circulated being the final recompense in exchange, and as clearly the object of exchange as any other commodity can be. The money is a *value*, the product of labor; the instrument is a *non value*. There cannot be two co-ordinate values embracing the same dollar; the same dollar cannot have two owners and employers at one and the same time; and if the instrument circulates as money without money behind it, *i. e.*, as a title to money where there is no money, it is virtually no better than a counterfeit note, which those who like it may circulate as an instrument or a medium of exchange, for it pays nothing, it is no more of a recompense than is the note of an individual given for a commodity purchased by himself. An uncovered note of a bank or of the Government, or an uncovered bank check, is therefore plainly a falsehood in the cash account; it is a matter of credit, an evidence of debt, under false pretenses and in the wrong place.

On the contrary, a banker's letter of credit is an honest paper—just what it pretends to be, an instrument of credit, as innocent of injury to commerce, as free from all power to degrade the value of money, or, what is the same thing, to raise prices, as is a merchant's note or promise. It has nothing to do with the cash account. Nobody pretends to consider it money.

The banker's credit may be better known than the merchant's, or it may be additional security for a purchase, but in principle, and in its effect upon the market, the simple honest credit of the banker does not differ from the simple honest credit of the merchant. In either case the credit or promise is a postponement of the use of money, and the effect upon the market, of more or less money, takes place at the maturity of the promise, when the money is called for; if then there is not money enough to go round prices fall, and accommodate themselves to the supply of money, in a natural and healthy manner. Or, if money is then abundant, and exceptionally easy of attainment, prices rise, until, by attracting imports and checking exports of

merchandise, the rate of exchange is brought to par and the value of money to an equilibrium with other markets.

Just here let me say that I am not unaware of the doctrine of John Stuart Mill as to the influence of credit on prices, but I cannot accept it. Credit must flow in the money channel and pass for "cash" to influence prices, for price means money value, and when the price of a thing is not the equivalent of so much value in money, but is raised by credit, it is false, and both an injury to commerce and a loss of capital to the nation.

The course of exchange is the consequence and the criterion of the relative value of money in different countries and cities. If, for example, it is distinctly, and for a period of activity in commerce, against New York and in favor of London, it is because money is cheaper in exchange value in this country than in England; in other words, because general prices, reduced to weight for weight in gold, are higher here than in England; and, if the difference is sufficient to cover the cost of transporting specie, specie will be exported from New York to London, and merchandise in return will be imported into this country from England, or from some other country that will draw on this country for specie to be shipped to England. London, being the centre of the exchanges and *Clearing House* of commercial nations, it is sufficient for us to know that sterling exchange is effectually, not *sporadically*, against us to know that we have more currency valued as money, than our capital can maintain in active circulation, and we must export the excess in specie. Conversely, if the course of exchange is effectually in favor of this country, as it was in 1861, it is because money is worth more here than elsewhere; which means that we have, as valued in gold, less currency in active circulation relatively to capital, and consequently lower general prices, weight for weight in gold, than other countries. We must import specie and export merchandise accordingly. There is nothing in all this but the movement of a commodity cheaply transported, an object of exchange, which goes where it is worth the most; that commodity being money—gold and silver bullion—coveted the wide world over as the universal equivalent of value in exchange, and therefore moving more promptly and with less change of value than any other commodity. The "balance of trade" is, or ought to be, the balance of profits in an excess of the value of imports over exports.

We may print or inscribe reams and tons of paper with promises, and circulate them in notes or checks as money—they will only degrade the value of money and displace so much capital in gold and silver bullion, without compensation, as they can be converted into, beyond the natural volume of money; they will serve to transact only so much the less business as there is the less capital to work with.

As mediums or instruments of exchange they will raise *price* without *value*, and come at last to a valuation in gold for as much gold as can be had for them. They must respond to the value of 23.22 grains Troy weight of pure gold to the dollar, though it may take a bushel of them to command a dollar of gold in exchange, or they will not circulate.

Judge Kelly and his greenback disciples ought to know this from the colonial and revolutionary history of this country; from the experience of France with John Law's bank and Mississippi scheme, and afterwards with the assignats and mandats; from the recent experience of the Confederate States, from the history of "paper money" everywhere else, and finally from our own present experience. Judge Kelly ought to know that the nation is without capital so far as it is without money, that is to say, so far as Government debt or any other debt takes the place of money, and that we can no more escape a gold valuation by circulating greenbacks than he can escape the atmospheric air by going to the clouds in a balloon. Commerce takes care of this; it is not an affair of government. "Commerce is simply the exchange of commodities;" this is a truism of political economy, and the absence of the commodity money is so much abstracted from the means of doing business. No other commodity increases business so much and so satisfactorily as money, for the reason that no other commodity, as a commodity, that is, as a thing to buy and sell, is so universally desired. And money, besides being a most valuable material of commerce, is its governor and regulator, like the instrument which governs the movement of an engine by regulating the supply of steam automatically as a part of the machine itself.

Here, as far as it goes, that is, omitting the resulting loss, is the true paper money doctrine laid down by the senior President Adams:

"A certain sum of money is necessary to circulate among society, in order to carry on their business. This precise sum is discoverable by calculation, and reducible to certainty. You may emit paper money or any other currency, for this purpose, until you reach this rule, and it will not depreciate. After you reach this rule it will depreciate, and no power or act of legislation hitherto invented can prevent it. In the case of paper, if you go on emitting forever, the whole mass will be worth no more than that which was emitted within the rule."

During a long experience in business, and careful study of the money question, I have been in the habit of estimating the currency in relation to population as the only known quantity on which a calculation can be based. With singular uniformity, before the financial operations for the war in 1861 threw all calculations into confusion, I found $20 per

head to be the turning point of the course of exchange; hence, I came to the conclusion that the relations of capital and population were such that $20 *per capita* was the extreme normal proportion of money, as the circulating equivalent, to the capital of the country. But this was during a period of usual and uniform increase of population. The following is the calculation of the currency that I made nearest to January 1, 1861:

Bank notes in circulation	$202,005,767	
" current deposits, as reported	257,229,562	
" balances due to banks	61,275,256	
" current deposits in California, estimated	8,663,922	
		$529,174,507
Deduct.		
Specie in banks, as reported	$87,674,507	
Specie reserve in California banks, estimated	3,500,000	91,174,507
Currency of bank debt, net		$438,000,000
Add.		
Specie in banks as above	$91,174,507	
" hands of the people and in the Government Treasury, say	108,825,493	
Currency of money		200,000,000
Counterfeit, probably		2,000,000
Total currency		$640,000,000

Of the California currency there were no returns. Assuming the ratio of capital to population to be the same in California as in the other States collectively, her currency must have been in the same ratio, *i.e.*, $20 per head. The large amounts of bullion deposited in the banks of San Francisco, waiting distribution, not having entered into circulation, cannot be reckoned as currency any more than the gold and silver in the mines.

If the rate of increase of population from 1840 to 1860 had continued, the aggregate population of the United States would be at the present time 48,000,000; but according to the census of 1870, that rate—say 3½ per cent. per annum—has not been maintained, while it is obvious that the rate of increase of capital has advanced. Such vast resources in abundant crops, mechanic and mining products, and circulating and fixed capital of every sort, in relation to population, the nation never before possessed. Capital being thus increased out of proportion to population, it follows that the due proportion of money per capita must have advanced; how much is somewhat conjectural, but if we assume the extreme number, 45,000,000 for population, and say, 22\frac{2}{9}$ per head for money, we should have the sum of $1,000,000,000, which is the utmost *weight* of gold and silver, in my opinion, that the capital of the nation can or could maintain, if we had it, in an average activity of circulation. In dull times we could, perhaps, hold more.

It must be understood that a dollar is a weight of metal, and, our standard being gold, it is 25.8 grains, an unequal fraction of a troy ounce of gold nine-tenths fine, or so much weight of silver as is equivalent in value to 25.8 grains of gold. So far as silver is over-valued in coinage, it is a token currency and not money; but silver bullion, coined or uncoined, is always money for its marketable worth in pure gold, and gold bullion is always money for its marketable worth in pure silver. A nation may choose its standard of gold or silver, and have its currency of either metal, or of paper, but it cannot "demonetize" money. Hence I look upon the words "demonetize" and "remonetize," so commonly used of late, as barbarisms.

Our population at the beginning of 1861 was 32,000,000, and the currency averaged $20 per head. During the fiscal year ending June 30, 1860, the exchanges were generally unfavorable, and the export of specie was larger than in any other year before or since; but, late in 1860 and early in 1861, the commercial failures, anticipating the rebellion, diminished the currency rapidly by largely annihilating bank deposits, turned the course of exchange strongly in favor of the country, stimulated and maintained a continued import of specie, until Secretary Chase's operations in demand notes, and, with the banks, by discounting Government bonds into supposititious dollars, expanded the currency again, brought about an adverse course of exchange, and a demand upon the banks to pay their imaginary dollars in money for export, which of course they could not meet, and they stopped payment in December, 1861.

I estimate the currency now as follows, being careful to avoid duplicating in the liabilities any portion of either item :

Demand debt of the National banks in notes, current deposits, and balances due to banks, net	$850,000,000
Demand debt of the State banks in current deposits and balances, net	150,000,000
Government demand notes	350,000,000
Gold and silver coin and bullion	150,000,000
Total currency	$1,500,000,000

The vast amount of indebtedness and the complication of embarrassment necessary to make and maintain this currency, with the small proportion of money which is the only regulator of exchange value, have so disorganized capital and demoralized the exchanges that industry and trade have languished, and the currency has not had an average activity of circulation. It is as if a considerable portion of it were hoarded. General prices, therefore, do not correspond with the inflation; although still too high, especially for provisions and many of the commonest necessaries of

life, they are not nearly so high as they would be if so much currency could be brought into active circulation. But the currency would become surprisingly active at once in a demand for money if gold could be had for the bank and Government debt in it at par, and money would pour out of the country under an adverse course of exchange until another suspension, which would not be many weeks or days behind the resumption.

I believe that $500,000,000 of this currency must be contracted before a paper currency can be kept in circulation at par with gold; that is to say, the currency must be diminished to the natural money volume, which I believe to be $1,000,000,000, unless Government chooses to tax out of existence the bank currency, prospectively, and meantime maintain two separate currencies, one of paper and the other of gold and silver, which in my opinion would be the best plan as well for the benefit of banking as of all other business. Probably no business has suffered more of late, and is still suffering, than banking. More than any other that business requires the presence and the regulating power of capital in money.

Resumption is not a question of the premium on gold, for that is merely the relation between the real and the fictitious dollar, both of which are degraded by the "paper money," but of the value of money in average prices. The value of money must rise in a fall of prices to the level of the earlier part of the year 1861, and effectually secure a favorable course of exchange, before a resumption of money payments can be successfully accomplished.

Now it is being continually dinned into the public ear by unpracticed thinkers on the subject, that specie payments are near in proportion to the reduction of the premium on gold, and that resumption can only cause a fall of three per cent. in general prices, because three per cent. happens to be the gold premium at the present moment. This does not follow. The same mistake was made in England by the economist Ricardo when resumption was under consideration there and the gold premium had fallen to three per cent. about the year 1817. Ricardo was then the most influential adviser of the Government and of the Bank of England. "Resumption," he said, "is only a question of three per cent. in the fall of prices;" but the fall was more than thirty per cent., as is shown in lists and quotations of prices by Doubleday in his *Financial History of England;** and we must expect a similar fall of prices to take place here from the same cause if we ever reach specie payments again. It is because money is degraded below its normal value in high prices without regard to the paper price of gold.

The so-called Restriction Act of Parliament, which was the legal authority for the action of the bank, limited the period

* See note on opposite page.

of suspension; but it had to be renewed and extended over and over again until 1819, when Peel's bill granted four years for resumption. Meanwhile the bank went on turning the screw of contraction, which had already, from 1814, broken hundreds of country banks, until 1821, when the gold premium, which had ranged from 2¾ to five per cent. for four years, being wiped out, and the course of exchange effectually turned in favor of England, resumption was accomplished without waiting for the maturity of the Act. The Restriction Act really amounted to nothing in this case; it was like instructing or commanding a man to die when his breath and brains were out. The bank paid specie as long as it could till February, 1797, when that Act was passed, and it made the conditions by contraction which enabled it to pay specie again in May, 1821.

So must it be here. The Resumption Act of 1875 amounts to nothing. The leading banks of the three cities, Boston, New York and Philadelphia, which chiefly caused the suspension by discounting for Secretary Chase Government bonds out of themselves into one hundred and fifty millions of supposititious dollars in 1861, must make the conditions for resumption by contraction, as they made the suspension, by expansion. We must simply retrace our steps.

The greenbacks had nothing to do with the suspension; not a dollar of them was issued till four months after that event, and their redemption and destruction now, if practicable, would only cause the banks to fail for want of greenbacks as they have already failed for want of gold and silver. The old demand-notes of the Government for $50,000,000, issued in 1861, were the only element in the cause of suspension except the bank debt; they are now out of the way, and the whole power to bring about resumption lies in the strong creditor banks of the three cities which hold a relation to the other banks of the United States, similar to that

* DOUBLEDAY'S LIST AND QUOTATIONS OF PRICES.

Dates.	*Wheat per quarter.* *s.*		*Mutton per stone, 8 lbs.* *s. d. s. d.*		*Beef per stone. 8 lbs.* *s. d. s. d.*
January, 1819....	64 to 82	....	5 0 to 6 4	....	4 0 to 5 0
July, "	58 " 80	....	4 6 " 5 2	....	4 6 " 5 4
January, 1820....	54 " 70	....	3 4 " 4 4	....	3 4 " 4 8
January, 1821....	40 " 62	....	3 0 " 4 0	....	3 2 " 4 2
July, 1821....	36 " 63	....	2 2 " 3 4	....	2 8 " 3 8
January, 1822....	30 " 66	....	2 2 " 3 2	....	2 0 " 3 0
July, 1822....	30 " 56	....	1 10 " 2 6	....	2 0 " 2 10
January, 1823...	30 " 50	....	2 4 " 3 0	....	2 4 " 3 0
July, "	46 " 67	....	2 8 " 3 6	....	2 4 " 3 0

These are the prices of Mark Lane and Smithfield—

		£	s.	d.		£	s.	d.	
Iron went down	from	12	10	0	to	8	10	0	per ton.
Havana Sugar	"		60	0	"		42	0	per cwt.
Coffee	"		158	0	"		110	0	"
East India Cotton	"		1	8	"			9	per lb.
Tobacco	"		1	1	"			7	"
Memel deals	"	22			"	17			per load.

of the Bank of England to the other banks of the United Kingdom.

It is marvelous and unaccountable that the methods of science should be so utterly neglected in the treatment of the money question as they are in the present financial crisis. What is science but experience classified and recorded? We may know from the experience of England what we must do to resume money payments, if we are to maintain the English system of an uncovered currency of bank debt. Clearly it is to offset the bank demand debt against the bank loans until the inter-changeable liabilities of the banks and the Government with the coin and bullion in circulation are contracted to the natural amount which we should have in real money without any other currency. As I have said, I believe this amount to be approximately $1,000,000,000.

THE TAXATION OF BANKING CAPITAL.

[FROM THE REPORT OF THE COMPTROLLER OF THE CURRENCY.]

The Internal Revenue Law of July 1, 1862, imposed taxes upon almost the entire property and products of the country. The amount of Internal Revenue collected during the fiscal year ending June 30, 1866, was nearly $310,000,000. The act of July 13th of that year largely reduced this amount and a still further reduction was effected by the legislation of the following years, which exempted from taxation all manufactures and products except gas, spirits, tobacco and fermented liquors. The entire Internal Revenue is now derived from taxes upon the three last-mentioned articles, upon such articles as require the use of proprietary stamps, and upon bank deposits, capital, circulation and checks. It is difficult to understand why the tax upon the deposits of the banks—which tax, like the others, was essentially a war tax, was not repealed at the same time, unless because of an unjust prejudice against banks which is peculiar to this country, and which is traceable to the large losses heretofore sustained by the people upon bank currency formerly issued under the authority of injudicious laws of many of the States.

The London *Bankers' Magazine* for April, 1877, in commenting upon this subject, says:—"It is easy to understand how, in the midst of that terrible struggle for existence which racked for a time every joint and sinew of National life almost past endurance, the Government of the United States felt compelled to seize hold of every and any available basis for taxation, and hence fixed on the easily reached resources of the banks as a most valuable source of supply. But now that those dangers are happily passed, no adequate reason

can be given for such an impost. There is nothing which conduces more to the prosperity of a country than a sound system of banking; and besides good management, which is of course understood, nothing is more essential to sound banking than sufficient and ample capital—capital large enough to enable depositors to feel they may rest on it in safety; and any measure which imperils the growth of banking capital for the sake of the taxes which may be levied on it, is indeed short-sighted."

The deposits of the banks, which at present amount to nearly 2,000 millions of dollars, as may be seen by reference to another page, are considerably more than twice the whole amount of the paper currency and coin in the country. They are not money, but merely represent commodities which, to a large extent, are not subjected to national taxation. The wheat and flour which are shipped from Minnesota to the East are taxed in the banks of St. Paul if their avails are represented by a bill of exchange upon Chicago. If the same commodities are re-shipped from Chicago to New York, a tax is again imposed in the former city upon their representative bill of exchange, and again in New York when they are exported to a foreign market. The same is true of the avails of cotton shipped from the South, and of manufactures sent from the New England and other States.

According to the Treasury regulations, deductions of amounts re-deposited, are not allowable in estimating the taxable deposits. The individual and bank deposits of every bank must therefore be returned without allowance of such moneys as are deposited by any one bank with its correspondents. A temporary resident in Florida draws his check against his deposit in Boston, which is already subjected to taxation. The Bank at Jacksonville transmits the check to Savannah, the Savannah bank to Philadelphia, the Philadelphia banker to New York, and the New York banker to Boston where the check is collected. Under the regulations referred to this check, which is not money, but which represents the amount on deposit in Boston, is subject to tax five different times while in transit.

State laws generally authorize the indebtedness of individuals to be deducted from personal property returned for the purposes of taxation; but the tax on deposits is, on the contrary, a tax upon the indebtedness of the banks, and not only upon their indebtedness to private individuals and corporations, but, in the case of disbursing officers of the United States, to the Government itself. The banks, therefore, pay a tax not only upon their capital but upon what they owe. The law requires that the banks shall keep on hand, as a permanent reserve fund, from fifteen to twenty-five per cent. of their deposits; and these reserves, which are held without profit to the banks and solely for the security of

their bill-holders and depositors, are also subjected to a tax. The injustice of such a tax would seem to be apparent.

The losses of the banks have been unprecedentedly large since the panic of 1873. Many of them have paid no dividends, and others have frequently paid dividends from surplus, which fund the law contemplates shall be held as a reserve fund for the protection of depositors and dealers.

The banks are not a monopoly, nor is their stock very largely held by the rich men of the country; but it is distributed quite generally among people of moderate means, who need for their support regular dividends upon the small amounts of stock which represent their accumulated earnings. This fact may be seen by reference to the carefully prepared tables on this subject, given in my last annual report, where it appears that the number of shareholders of the National banks was then 208,486, and that the average amount of stock held by each shareholder was but about $3,100. More than one-half of these shareholders held each but ten shares ($1,000) or less; while the entire number holding more than 100 shares each was but 10,851, or only about one-twentieth part of the whole number of shareholders, and of these but 767 held more than 500 shares each.

The resources of the banks are reported regularly to the Comptroller, in sworn statements, and are published in the newspapers of nearly every village in the country. They are also presented annually in the report of the Comptroller, and are therefore accessible to the assessors of every town; so that the banks can neither evade taxation, deceive the authorities, nor resort to any of the devices which other corporations, and many private individuals, practice with great success. The banks thus pay a large percentage of the taxation which should, in justice, be imposed upon other capital, but which they cannot evade unless they diminish their capital or surrender their business.

The only plausible reason given for continuing the tax upon the banks is that they enjoy special privileges. But the only real privilege which they possess is that of issuing circulation, and even that is not a restricted privilege, but is one open to all who see fit to engage in the business of banking. Moreover, the profit upon circulation does not, under the most favorable circumstances, exceed two and one-half per cent., and, if issued upon four per cent. bonds, does not exceed one and one-half per cent. That it is not a great source of income is evidenced by the fact that the banks have, since the passage of the Act of February 14, 1875, voluntarily reduced their circulation from $354,000,000 to about $300,000,000. The State taxes have increased to such an extent in recent years that, in many of the cities, they alone are equal to two, and sometimes even three per cent. of the capital of the banks; and instances are known

where these institutions pay four-fifths of the entire personal taxes of the community in which they are located. The State taxation upon National banks, as will be seen by reference to the tables accompanying this report, is also oppressive because of the unjust system of valuation which prevails in almost every State.

For instance, the State assessors of New York, in their report for 1873, say: "We are satisfied that less than fifteen per cent. of the personal property of the State, liable to taxation, finds a place on the rolls of the assessor, and of mortgages not even five per cent. . . The amount of personal property assessed in some of the counties is less than the banking capital, and the same is true of thirty towns and cities, among which are some of the most prosperous in the State." In their report for 1876, the total personal estate in the State of New York was returned at $379,488,140, and of the City of New York at $218,626,178. The bank assessment in that city for the same year was $85,145,116. The banks of the city, therefore, paid nearly one-fourth of the personal tax of the whole State, and nearly forty per cent. of the personal tax of the city. The Supreme Court of the United States, in the case of the *Gallatin National Bank* vs. *The Commissioners of Taxes*, decided that the shares of National banks should be assessed at their full and true value, without regard to their par value. The New York assessors had said that shares of bank stock in that State were then assessed to a greater extent than any other kind of personal property, but, under the Supreme Court decision, the assessment of the banks in New York City, for 1876, was increased $11,754,127. The assessment for that year of the personal property in the whole State, was also subsequently increased, but the entire increase, exclusive of the more than eleven millions added to the assessment of New York City bank stock, was but $9,758,758; and it is probable that even this amount was very largely composed of increased assessments on the stock of the banks outside of the city.

The Commissioners of Taxes and Assessments for the City of New York, in their report of June 30, 1877, say: "It is unnecessary to re-assert at any length the fact, so often stated in previous reports, that the personal property actually assessed in the city and State of New York is small compared with the actual possessions of their citizens, and that the assessments represent rather the meagre provisions of the law than the wealth of the State. . . The practical effect of the present law is to exempt foreign banking capital used here, and to tax domestic banking capital."

They report the total assessments on personal property in the city, for the year 1875, at $217,300,154, of which $73,390,989 was upon bank stock; total assessments for 1876, $218,626,179, of which $85,145,117 was upon bank

stock; total assessments for 1877, $206,028,160, of which $73,614,274 was upon bank stock. The number of persons assessed, other than bank shareholders in 1875, was 8,920; in 1876, 9,233; in 1877, 10,519. The number of shareholders of banks assessed upon their stock, was, in 1875, 25,236; in 1876, 25,698; in 1877, 24,649. The reduction of the number of shareholders, and of the assessment upon banks, in 1877, was due to the reduction of capital and surplus caused by excessive taxation.

The capital and surplus of fire and marine insurance companies in New York was, in 1874, $58,670,000, but they were assessed at less than $7,000,000. The total capital of incorporated companies and associations was estimated in 1871, by a commission appointed by the Governor, at $856,500,000, exclusive of surplus and undivided profits. The total assessment of these associations in 1874 was only $130,000,000, of which the banks in New York City alone paid seventy-three per cent. If the capital of other associations were assessed, like bank stock, at its true value, the proportional assessment of the banks would be but eleven per cent. of the whole, instead of seventy-three per cent., as at present.

By a decision of the Court of Appeals of the State of New York, foreign capital transmitted to that State, to be loaned and employed in business, is exempt from taxation. A National bank, with a capital of $4,000,000, paid taxes in 1876 amounting to $200,000, or at the rate of five per cent. on its capital, while a foreign agency, employing an equal amount of capital, paid nothing.

Ten banks in a city in the State of New York, having a population of 46,000, pay a tax upon $2,750,000—which is more than their aggregate capital; while the aggregate personal property of all other corporations and individuals in the city, the true value of which is estimated at fifteen millions, is assessed at but $990,000. The bank shareholders of that city numbering 924, of whom more than one-third are women, each hold an average of $3,000 of stock. It is estimated that there are at least 3,000 other persons in that city each of whom possesses personal property amounting to $3,000. These persons either escape taxation altogether, or are taxed upon a valuation not exceeding $300 each. The holders of bank stock in that city, therefore pay a tax at least ten times greater than that of the holders of stock in other corporations. The banks in other cities and States are subjected to similar injustice. Even were the United States taxes to be repealed the banks would still be subject to a tax at least twice as great as that imposed previous to the year 1862. The elaborate tables which are herewith presented furnish convincing evidence in favor of the repeal of the law imposing the tax upon capital and deposits.

The prayer for this repeal proceeds not alone from

the officers and shareholders of the banks. The most urgent appeals to Congress are from Chambers of Commerce and Boards of Trade in the principal cities of the Union. The following extract from the petition of the Chamber of Commerce of the City of New York, which represents not only the commercial and business interests of that city, but also to a large extent the public sentiment of the business men of the country, declares:—"That war taxes, both heavy and unequal in their burden, are imposed on the National banks, State banks, Savings banks and private bankers of this country, which taxes have been for several years productive of great commercial injury; that in no other country are such taxes incurred by the business of banking, and that the exigency having passed away, the war taxes can be taken off without any sacrifice to the Treasury, at all commensurate with the benefits which will result to the agricultural, financial, commercial and industrial pursuits of the country. That the continuance of this onerous and discriminating taxation on banking capital is rapidly withdrawing it from that business, leaving the commerce and industries of the country ill prepared to meet a long-hoped for returning tide of prosperity. That a persistance in this unequal and special tax can lead to but one result, and that is to prolong the present period of depression and inactivity."

The London *Economist*, a high and impartial authority, in discussing the last report of the Comptroller, says:—"Now there may be some difference of opinion amongst economists as to the expediency and equity of a tax upon the circulation of the banks, the right of note issue being a privilege conferred by the State, from which the banks deserve a profit. But there can be no question whatever as to the injustice and injurious nature of the other forms of Government taxation. The Comptroller points out that the amount of tax to which the National banks are subject is much greater than that imposed on any other capital in the country, and it is precisely in such a case as this, *where taxes are imposed upon the accumulated savings* of the country gathered together into stores available and necessary for the *conduct and development of its commerce*, that taxing of capital engaged in trade assumes *its most pernicious aspect.*"

The following table exhibits the amount of taxes paid by the National banks to the United States, yearly, from the organization of the system to June 30, 1877—the rate of taxation being one per cent. annually upon the average amount of notes in circulation, one-half of one per cent. annually upon the average amount of deposits, and a like rate upon the average amount of capital stock not invested in U. S. bonds:

Year.	On Circulation.	On Deposits.	On Capital.	Aggregate.
1864	$53,096.97	$95,811.25	$18,402.23	$167,310.45
1865	733,247.59	1,087,530.86	133,251.15	1,954,029.60
1866	2,106,785.30	2,633,102.77	406,947.74	5,146,835.81
1867	2,868,636.78	2,650,180.07	321,881.36	5,840,698.21
1868	2,946,343.07	2,564,143.44	306,781.67	5,817,268.18
1869	2,957,416.73	2,614,553.58	312,918.68	5,884,888.99
1870	2,949,744.13	2,614,767.61	375,962.26	5,940,474.00
1871	2,987,021.69	2,802,840.85	385,292.13	6,175,154.67
1872	3,193,570.03	3,120,984.37	389,356.27	6,703,910.67
1873	3,353,186.13	3,196,569.29	454,891.51	7,004,646.93
1874	3,404,483.11	3,209,967.72	469,048.02	7,083,498.85
1875	3,283,405.89	3,514,310.39	507,417.76	7,305,134.04
1876	3,091,795.76	3,505,129.64	632,396.16	7,229,321.56
1877	2,899,057.09	3,445,252.74	654,636.96	6,998,926.79
Totals	$36,829,762.10	$37,043,320.12	$5,398,123.68	$79,271,205.90

The amounts collected during the same period by the Commissioner of Internal Revenue, from State banks and private bankers, was as follows:

Years.	On Circulation.	On Deposits.	On Capital.	Totals.
1864	$2,056,996.30	$780,723.52	——	$2,837,719.82
1865	1,993,661.84	2,043,841.08	$903,367.98	4,940,870.90
1866	990,278.11	2,099,635.83	374,074.11	3,463,988.05
1867	214,298.75	1,355,395.98	476,867.73	2,046,562.46
1868	28,669.88	1,438,512.77	399,562.90	1,866,745.55
1869	16,565.05	1,734,417.63	445,071.49	2,196,054.17
1870	15,419.95	2,177,576.46	827,087.21	3,020,083.61
1871	22,781.92	2,702,196.84	919,262.77	3,644,241.53
1872	8,919.82	3,643,251.71	976,057.61	4,628,229.14
1873	24,778.62	3,009,302.79	736,950.05	3,771,031.46
1874	16,738.26	2,453,544.26	916,878.15	3,387,160.67
1875	22,746.27	2,972,260.27	1,102,241.58	4,097,248.12
1876	17,947.67	2,999,530.75	989,219.61	4,006,698.03
1877	5,430.16	2,896,637.93	927,661.24	3,829,729.33
Aggregates	$5,435,232.59	$32,306,827.82	$9,994,302.43	$47,736,362.84

From the above tables it will be seen that the total amount collected from the National banks, State banks and private bankers during the last year, was $10,847,763.27; and from the date of the imposition of the tax to the present time, $127,007,568.74. The total amount of tax upon circulation paid by the National banks to July 1, 1877, was $36,829,762.10; while the whole expense of this Office from its organization to the same date was $4,308,270.34; which, under Section 5,173 of the Revised Statutes, is payable out of the proceeds of this tax. The tax upon the National banks has, from the commencement, been collected without expense to the Government.

The Comptroller, in August last, issued a circular addressed to the National banks, requesting them to report the taxes paid by them under State and municipal laws for the year 1876, and in reply has received returns from all the banks continuously in operation throughout the year—2,046 in num-

ber, having an aggregate capital of $488,272,782. From these reports, and from the returns made to the Treasurer of the United States, under the provisions of Section 5,215 of the Revised Statutes, the following table has been prepared, giving the amounts of United States and State taxes paid by the National banks in each of the States, Territories and principal cities, together with the rates of taxation upon capital for the year 1876:

States and Territories.	*Capital.*	*Amount of Taxes.* *United States.*	*State.*	*Total.*	*Ratios to Capital.* *U. S.* *p. c.*	*State.* *p. c.*	*Total.* *p. c.*
Maine	$10,635,819	$115,272	$237,792	$353,064	1.1	2.2	3.3
New Hampshire	5,615,000	62,627	97,255	159,882	1.1	1.7	2.8
Vermont	8,722,369	91,777	179,876	271,653	1.1	2.1	3.2
Massachusetts	44,299,557	497,228	825,685	1,322,913	1.1	1.9	3.0
Boston	52,200,000	704,655	855,446	1,560,101	1.4	1.6	3.0
Rhode Island	20,579,800	200,420	279,765	480,185	1.0	1.3	2.3
Connecticut	26,015,834	275,991	438,989	714,980	1.0	1.7	2.7
New York	35,326,077	512,233	826,929	1,339,162	1.5	2.4	3.9
New York City	66,607,325	1,278,956	2,197,681	3,476,637	1.9	3.5	5.4
Albany	2,000,000	63,650	67,972	131,622	3.2	3.4	6.6
New Jersey	14,238,634	204,512	292,024	496,536	1.4	2.1	3.5
Pennsylvania	29,354,981	417,324	182,003	599,327	1.4	0.6	2.0
Philadelphia	17,189,489	356,204	119,655	475,859	2.1	0.7	2.8
Pittsburgh	10,531,592	142,232	56,620	198,852	1.4	0.5	1.9
Delaware	1,571,730	22,030	6,900	28,930	1.4	0.4	1.8
Maryland	2,299,960	31,280	28,046	59,326	1.4	1.3	2.7
Baltimore	11,491,985	142,102	229,484	671,586	1.2	2.0	3.2
District of Columbia	252,000	4,478	3,906	8,384	1.8	1.2	3.0
Washington	1,300,000	15,246	14,096	29,342	1.2	1.1	2.3
Virginia	3,339,307	51,297	71,827	123,124	1.5	2.1	3.6
West Virginia	1,746,000	21,783	28,878	50,661	1.5	1.7	2.9
North Carolina	2,499,499	31,021	39,933	70,954	1.2	1.6	2.8
South Carolina	3,172,500	31,793	84,863	116,656	1.2	2.7	3.7
Georgia	2,504,317	26,265	41,764	68,029	1.0	2.0	3.0
Florida	50,000	941	948	1,889	1.0	1.9	3.8
Alabama	1,690,412	19,184	16,888	36,072	1.1	1.0	2.1
New Orleans	3,436,786	53,388	6,534	59,922	1.6	0.2	1.8
Texas	1,038,782	14,518	19,057	33,575	1.4	1.9	3.3
Arkansas	205,000	2,055	2,830	4,885	1.0	1.4	2.4
Kentucky	7,259,641	79,609	32,587	112,196	1.1	0.5	1.6
Louisville	3,095,500	42,676	14,576	57,252	1.4	0.5	1.9
Tennessee	3,401,449	49,251	70,479	119,730	1.4	2.1	3.5
Ohio	20,056,903	274,814	559,498	834,312	1.3	2.8	4.1
Cincinnati	4,373,680	74,720	128,087	202,807	1.7	2.9	4.6
Cleveland	4,550,000	49,454	114,072	163,526	1.1	2.5	3.6
Indiana	17,781,910	210,769	424,904	635,673	1.2	2.5	3.7
Illinois	11,728,823	173,495	231,693	405,188	1.5	2.0	3.5
Chicago	6,950,123	154,246	200,866	355,112	2.2	3.0	5.2
Michigan	8,238,899	100,414	128,446	228,860	1.2	1.6	2.8
Detroit	1,900,000	31,078	28,633	59,711	1.6	1.5	3.1
Wisconsin	2,827,322	43,783	53,499	97,282	1.5	1.9	3.4
Milwaukee	650,000	14,207	18,606	32,813	2.2	2.9	5.1
Iowa	6,430,308	91,667	122,519	214,186	1.4	2.0	3.4
Minnesota	4,455,478	60,336	86,923	147,259	1.4	2.0	3.4
Missouri	2,574,000	35,824	53,580	89,404	1.4	2.2	3.6
St. Louis	5,742,596	73,344	76,071	149,415	1.3	2.6	3.9
Kansas	1,369,167	20,722	34,518	55,240	1.5	3.0	4.5
Nebraska	975,000	21,839	23,274	45,113	2.2	2.5	4.7
Oregon	237,500	6,319	2,550	8,869	2.7	1.0	3.7
California	1,700,000	17,484	3,463	20,947	1.0	0.2	1.2
San Francisco	2,875,000	23,526	705	24,231	0.8	—	0.8
New Mexico	300,000	3,976	3,513	7,489	1.3	1.2	2.5
Colorado	824,025	18,276	16,465	34,741	2.2	2.2	4.4
Utah	250,000	2,840	2,625	5,465	1.1	1.3	2.4
Idaho	100,000	1,278	2,370	3,648	1.3	2.4	3.7
Montana	350,000	6,811	9,561	16,372	1.9	2.7	4.6
Wyoming	125,000	1,976	3,367	5,343	1.6	2.7	4.3
Dakota	50,000	891	636	1,527	1.8	1.3	3.1
Total	$501,788,079	$7,076,087	$9,701,732	$16,777,819	1.4	2.0	3.4

NOTE.—The capital of the banks that paid State, County and Municipal taxes on stocks and real estate is $488,272,782. Banks in California pay no taxes upon capital stock. The amounts opposite California and San Francisco were paid on real estate.

Similar tables for the years 1867, 1869, 1874 and 1875, will be found in the appendix. Statements of the amount of State and municipal taxes paid by the National banks for the year 1866 were also received, but were not tabulated by States. From the data for the years named estimates have been made for 1868, 1870, 1871, 1872 and 1873, and a table prepared showing the amount of National and State taxes paid yearly by the National banks, for the last eleven years, as follows:

		Amount of Taxes.			*Ratio of Tax to Capital.*		
Years.	*Capital Stock.*	*United States.*	*State.*	*Total.*	*U.S. p. c.*	*State. p. c.*	*Total. p. c.*
1866	$410,593,435	$7,949,451	$8,069,938	$16,019,389	1.9	2.0	3.9
1867	422,804,666	9,525,607	8,813,127	18,338,734	2.2	2.1	4.3
1868	420,143,491	9,465,652	8,757,656	18,223,308	2.2	2.1	4.3
1869	419,619,860	10,081,244	7,297,096	17,378,340	2.4	1.7	4.1
1870	429,314,041	10,190,682	7,465,675	17,656,357	2.4	1.7	4.1
1871	451,994,133	10,649,895	7,860,078	18,509,973	2.4	1.7	4.1
1872	472,956,958	6,703,910	8,343,772	15,047,682	1.4	1.8	3.2
1873	488,778,418	7,004,646	8,499,748	15,504,394	1.4	1.8	3.2
1874	493,751,679	7,256,083	9,620,326	16,876,409	1.5	2.0	3.5
1875	503,687,911	7,317,531	10,058,122	17,375,653	1.5	2.0	3.5
1876	501,788,079	7,076,087	9,701,732	16,777,819	1.4	2.0	3.4

The rates of taxation—National, State and total—upon National bank capital, in those States in which the rate of taxation has been highest for the last three years, are as follows:

	1874.			1875.			1876.		
States.	*U. S.*	*State.*	*Total.*	*U. S.*	*State.*	*Total.*	*U. S.*	*State.*	*Total.*
New York	1.9	2.9	4.8	1.8	2.9	4.7	1.8	3.1	4.9
New Jersey	1.5	2.1	3.6	1.5	2.1	3.6	1.4	2.1	3.5
Ohio	1.4	2.2	3.6	1.4	2.4	3.8	1.3	2.7	4.0
Indiana	1.2	2.6	3.8	1.2	2.6	3.8	1.2	2.5	3.7
Illinois	1.8	2.2	4.0	1.8	2.4	4.2	1.8	2.4	4.2
Wisconsin	1.8	2.3	4.1	1.7	2.1	3.8	1.7	2.1	3.8
Kansas	1.5	3.3	4.8	1.4	3.2	4.6	1.5	3.0	4.5
Nebraska	2.0	3.3	5.3	2.2	2.3	4.5	2.2	2.5	4.7
South Carolina	1.1	3.6	4.7	1.1	3.4	4.5	1.0	2.7	3.7
Tennessee	1.5	2.2	3.7	1.4	2.3	3.7	1.4	2.1	3.5

The unequal taxation imposed upon National bank capital in the principal cities of the country is shown in the following table, which gives the rates of National and State taxation in the cities named, for the years 1875 and 1876:

	Rates of Taxation.					
	1875.			1876.		
Cities.	*U. S.*	*State.*	*Total.*	*U. S.*	*State.*	*Total.*
Boston	1.4	1.9	3.3	1.4	1.6	3.0
New York	2.0	3.1	5.1	1.9	3.5	5.4
Albany	3.0	3.6	6.6	3.2	3.4	6.6
Philadelphia	2.0	0.8	2.8	2.1	0.7	2.8
Pittsburgh	1.4	0.5	1.9	1.4	0.5	1.9
Baltimore	1.3	2.0	3.3	1.2	2.0	3.2
Washington	1.4	0.3	1.7	1.2	1.1	2.3
New Orleans	1.6	0.3	1.9	1.6	0.2	1.8
Louisville	1.3	0.5	1.8	1.4	0.5	1.9
Cincinnati	2.0	2.6	4.6	1.7	2.9	4.6
Cleveland	1.1	2.3	3.4	1.1	2.5	3.6
Chicago	2.3	2.5	4.8	2.2	3.0	5.2
Detroit	1.8	1.3	3.1	1.6	1.5	3.1
Milwaukee	2.3	3.0	5.3	2.2	2.9	5.1
Saint Louis	1.2	2.8	4.0	1.3	2.6	3.9
Saint Paul	1.3	2.2	3.5	1.2	1.8	3.0

The following table gives, by geographical divisions, the amount, and the ratio to capital, of State and National taxation for the years 1874, 1875 and 1876:

1874.

GEOGRAPHICAL DIVISIONS.	Capital.*	Amount of Taxes. United States.	State.	Total.	Ratios to Capital. U. S. p. c.	State. p. c.	Total. p. c.
New England States	$160,517,266	$1,896,533	$2,980,484	$4,877,016	1.2	1.8	3.0
Middle States	190,162,129	3,325,425	3,911,371	7,236,796	1.7	2.1	3.8
Southern States	33,558,483	436,540	517,792	954,332	1.3	1.5	2.8
Western States and Territories	109,513,801	1,597,585	2,210,679	3,808,264	1.5	2.0	3.5
United States	$493,751,679	$7,256,083	$9,620,326	$16,876,409	1 5	2.0	3.5

1875.

GEOGRAPHICAL DIVISIONS.	Capital.*	United States.	State.	Total.	U. S. p. c.	State. p. c.	Total. p. c.
New England States	$164,316,333	$1,937,016	$3,016,537	$4,953,552	1.2	1.8	3.0
Middle States	193,585,507	3,300,498	4,062,459	7,362,957	1.7	2.1	3.8
Southern States	34,485,483	445,048	476,236	921,284	1.3	1.4	2.7
Western States and Territories	111,300,588	1,634,969	2,502,890	4,137,859	1.5	2.4	3.9
United States	$503,687,911	$7,317,531	$10,058,122	$17,375,653	1.5	2.0	3.5

1876.

GEOGRAPHICAL DIVISIONS.	Capital.*	United States.	State.	Total.	U. S. p. c.	State. p. c.	Total. p. c.
New England States	$168,068,379	$1,947,970	$2,914,808	$4,862,778	1.2	1.7	2.8
Middle States	192,163,773	3,190,247	4,025,316	7,215,563	1.7	2.2	3.9
Southern States	33,439,193	423,781	431,164	854,945	1.3	1.3	2.6
Western States and Teritories	108,116,734	1,514,089	2,330,444	3,844,533	1.4	2.3	3.7
United States	$501,788,079	$7,076,087	$9,701,732	$16,777,819	1.4	2.0	3.4

In my report for 1876 a table, arranged by States and principal cities, was given, exhibiting the losses charged off by the National banks during the two dividend periods of six months each, ending respectively on March 1st and September 1st, 1876, the information having been obtained from the dividend reports made to this office under Section 5,212 of the Revised Statutes. A similar table has been prepared and is herewith presented, and which shows the losses charged off during the years 1876 and 1877:

(*See Table on page 466.*)

The table shows that the losses for the first six months of the year were $8,175,960.56; and for the last six months, $11,757,627.43; total, $19,933,587.99. The losses for the preceding year were, for the first six months, $6,501,169.82; for the last six months, $13,217,856.60; total, $19,719,026.42; increase in the total losses for the current year over those of the preceding year being $214,561.57.

The number of banks, with their capital, which made no dividends in the last four periods of six months each, is as follows:

Ending March 1, 1876. No. of Bnks.	Capital.	Ending Sept. 1, 1876. No. of Banks.	Capital.	Ending March 1, 1877. No. of Banks.	Capital.	Ending Sept. 1, 1877. No. of Banks.	Capital.
235	$34,289,000	273	$44,057,000	245	$40,452,000	288	$41,166,000

* The capital of the banks which reported State taxes in 1874 was $476,836,031, in 1875, $493,738,408, and in 1876, $488,272,782.

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States and Cities.	March 1, 1877. Number of Banks.	March 1, 1877. Amount.	September 1, 1877. Number of Banks.	September 1, 1877. Amount.	Total.
Maine	31	$136,172.95	25	$158,844.01	$295,016.96
New Hampshire	16	14,735.54	23	53,780.83	68,516.37
Vermont	17	19,649.47	21	54,646.25	74,295.72
Massachusetts	106	637,645.28	109	716,831.23	1,354,476.51
Boston	41	1,095,448.97	48	1,096,604.84	2,192,053.81
Rhode Island	25	172,213.75	36	1,374,813.91	1,547,027.66
Connecticut	53	389,461.67	50	1,369,519.49	1,758,981.16
New York	110	375,829.87	133	707,660.09	1,083,489.96
New York City	37	2,058,072.29	41	2,189,869.37	4,247,941.66
Albany	6	25,754.30	4	34,990.49	60,744.79
New Jersey	32	171,714.29	33	166,944.03	338,658.32
Pennsylvania	81	331,696.65	83	438,809.22	770,505.87
Philadelphia	17	127,791.09	22	205,457.38	333,248.47
Pittsburgh	10	133,036.18	14	156,430.41	289,466.59
Delaware	1	2,264.28	3	6,587.20	8,851.48
Maryland	6	14,431.90	8	17,447.45	31,879.35
Baltimore	11	183,704.94	9	16,892.80	200,597.74
Washington	3	38,388.29	3	4,717.15	43,105.44
Virginia	10	46,035.83	14	49,914.89	95,950.72
West Virginia	4	5,915.71	5	2,373.02	8,288.73
North Carolina	5	7,931.64	5	33,552.11	41,483.75
South Carolina	5	31,465.90	6	42,597.73	74,063.63
Georgia	4	28,379.36	6	138,551.68	166,931.04
Florida	1	239.99	—	—	239.99
Alabama	4	6,143.35	3	3,075.04	9,218.39
New Orleans	7	205,174.14	6	81,085.33	286,259.47
Texas	7	21,123.17	9	27,266.85	48,390.02
Arkansas	2	2,399.65	2	9,400.10	11,799.75
Kentucky	16	60,355.02	10	37,859.40	98,214.42
Louisville	5	11,111.38	7	24,731.68	35,843.06
Tennessee	10	51,976.50	13	61,433.66	113,410.16
Ohio	59	255,509.92	75	657,242.34	912,752.26
Cincinnati	5	71,231.68	5	135,595.64	206,827.32
Cleveland	5	32,835.26	2	8,253.60	41,088.86
Indiana	33	99,774.34	40	272,132.51	371,906.85
Illinois	44	105,791.12	63	228,669.81	334,460.93
Chicago	13	413,591.78	12	250,005.31	663,597.09
Michigan	37	166,494.57	44	271,488.55	437,983.12
Detroit	2	8,604.54	2	14,988.63	23,593.17
Wisconsin	11	15,645.29	16	26,904.73	42,550.02
Milwaukee	3	18,313.59	2	4,816.00	23,129.59
Iowa	19	90,962.65	31	89,461.14	180,423.79
Minnesota	20	101,875.32	17	100,643.16	202,518.48
Missouri	12	31,860.41	9	19,494.17	51,354.58
St. Louis	2	35,216.70	6	261,734.61	296,951.31
Kansas	7	18,738.81	6	8,636.43	27,375.24
Nebraska	4	4,008.99	5	6,807.93	10,816.92
Oregon	1	13,197.16	1	5,387.32	18,584.48
California	2	3,520.00	5	8,728.83	12,248.83
San Francisco	2	197,781.34	2	21,128.79	218,910.13
Colorado	6	34,729.10	9	66,429.50	101,158.60
New Mexico	1	1,060.06	2	13,890.75	14,950.81
Utah	1	811.77	1	1,305.98	2,117.75
Wyoming	2	41,100.30	—	—	41,100.30
Idaho	1	1,915.33	—	—	1,915.33
Montana	5	5,127.18	2	1,194.06	6,321.24
Totals	980	$8,175,960.56	1108	$11,757,627.43	$19,933,587.99
Totals for 1876	806	6,501,169.82	1034	13,217,856.60	19,719,026.42

The amount of losses charged off by the banks in the principal cities is as follows:

Cities.	1876.		1877.
New York	$6,873,759.97	...	$4,247,941.66
Boston	1,598,722.68	...	2,192,053.81
Philadelphia	152,976.14	...	333,248.47
Pittsburgh	333,851.56	...	289,466.59
Baltimore	876,207.32	...	200,597.74
New Orleans	519,701.41	...	286,259.47

THE POSTAL SAVINGS BANK SYSTEM.

BY GEO. R. GIBSON.

The many recent Savings bank failures have brought the system to trial at the bar of public opinion, and aroused the conviction that some radical change is necessary.

The Savings bank is a means to ameliorate the condition of the poorer classes, and at the same time to exercise a very sensible influence as a financial power. National thrift is the product of individual economy, and any institution which encourages the people to yield the gratification of the present to considerations for the future, must be an important factor in social science as well as political economy.

Savings banks are of recent origin, arising in the latter part of the last century in an obscure English parish, but, responding as they did to a pronounced want, their growth was very rapid. The first Savings bank in England was established in 1799, in the United States in 1816, in France and in Germany in 1818. The *Edinburgh Review* of the latter year said that "the spread of Savings banks is of far more importance and far more likely to increase the happiness and even the greatness of the nation than the most brilliant successes of its arms or the most stupendous improvements of its trade or agriculture."

Savings banks established in England prior to 1817 were of a voluntary and benevolent character. In 1807 a Mr. Whitbread anticipated the future so far as to propose in Parliament the annexation of the Savings bank to the Post Office, but the proposition fell through for want of support.

According to Lewins, to whose treatise the writer is indebted for some points on early legislation, the first governmental recognition of Savings banks occurred on August 17th, 1817. By this act Trustees were made personally responsible for any defaults, but were prohibited from receiving remuneration for their services. They were empowered

to pay the moneys received into the Bank of England or Ireland (as the case might be) to the account of the Commissioners for the Reduction of the National Debt, the latter being instructed and empowered to invest these receipts in Three per cent. Annuities, the government becoming responsible for moneys thus received.

The rate of interest was fixed at £4 11s. 3d. per annum, a rate in excess of that paid on the public debt, and under this artificial encouragement 450 banks were organized within the first year. The high rate of interest paid was a source of continual loss to the Government, which continued long after its reduction in 1828 to £3 16s. 0½d. Amendatory acts were passed from time to time, and in 1853 the Government began to grant life insurance policies.

In 1824 the responsibility of Trustees for the acts of Cashiers and Clerks was limited, and in 1828 they were relieved of all liability. The public were deluded into the fatal belief that the Government was responsible for all deposits lodged in the Savings banks, whilst it was actually responsible only for that portion of the funds which reached the Debt Commissioners. This proved in practice to be an important distinction.

From 1845 to 1857 was an era of Savings bank failures and frauds, which awoke depositors to a realizing sense of the insecurity afforded them through this implicit reliance upon government. Had depositors relied upon their own judgment, instead of trusting to this anomalous connection between Government and the banks, it is likely they would have suffered far less.

The results were unfortunate in a social as well as pecuniary sense. The tendency was to check deposits and discourage habits of prudence, frugality and self-dependence. Men reasoned that if the savings of toil and economy were to be thus swept away, they might as well spend the money as to have somebody else spend it for them. It was as Mr. Gladstone said, "the evil is not to be measured by the actual amount of money loss; there is an amount of evil such as figures convey no idea of." This state of affairs in England naturally excited public attention, and the Government "cut the Gordian knot" by engrafting the Savings bank upon the postal system. In 1858 a Committee of the House of Commons reported adversely on the proposition, but in 1860 Mr. Gladstone introduced a bill which afterwards, in its main features, became a law. On May 17th, 1861, the Postal Savings Bank Act was passed. According to its provisions deposits from one shilling to £30 could be made at any of the money-order offices, for which a deposit book was given with the promise of £2 10s. per cent. interest. In 1866 there were 3,300 such offices, and a depositor wishing to draw money could appear at any one of

them, without regard to place of deposit, and make a requisition upon the Post-Master General in London, who would transmit to him an order on the office through which the application was made. There is no disguising the fact, and it is not surprising, that this system met with the approval of depositors who were thus the recipients of Government favor. Neither is it astonishing that since 1863 there has been no Savings bank formed under the old system to compete with the Government. The deposits in the Postal Savings banks, which amounted to \$32,632,000 in 1865, increased to \$125,936,725 in 1875, whilst the deposits in ordinary Savings banks under the old system, which were \$193,726,490 in 1865, increased only to \$212,038,845 in 1875. The higher rates of interest allowed by the latter institutions account for their comparatively large deposits. Lewins, in his enthusiastic praise of the Postal banks, declares that "next, perhaps, to the repeal of the Corn Laws this is the greatest boon ever conferred upon the working classes of this country; and next to the scheme of Penny Postage itself, the scheme of the Post Office banks is the greatest and most important work ever undertaken by the Government for the benefit of the laboring classes." This system has been introduced into Canada and Australia, but the proposition to inaugurate it in France was rejected in 1875.

Now this is assuredly as flattering a construction of the British policy as may be presented; and, viewing it so, not a few influential organs of public opinion are advocating the same or similar legislation in this country; and a bill of this kind has already been introduced into the present Congress. The writer cannot accept as adequate the reasons urged in support of this measure, whether regarded politically or economically.

We have had in this country a case not co-extensive with, but in measure analogous to, that quasi-responsibility which marked the connection of the British Government with the old system of Savings banks and which has deceived its victims in this country as it did in that. On the 3d of March, 1865, the Freedman's Savings Bank bill was passed, and in May it organized its head office in New York, establishing numerous branches throughout the South. The direction of its fortunes, which were considered of National concern, was confided to fifty Trustees, including prominent men from all sections of the Union. Nine votes constituted a quorum, and only seven were required to make investments or transfers of stock. The general supervision of the Company and temporary investment of its funds were confided to a Finance Committee of five, of whom three constituted a quorum. Thus the power lodged with fifty trustees virtually became centered in three, who as events have shown did not exercise ordinary business precautions and judgment.

According to one authority agents were sent to the South to solicit deposits, and a newspaper organ of the bank assured the credulous blacks that the whole institution was under charter of Congress and received the warm approval of Abraham Lincoln, one of whose last acts was to sign the bill. The pass-books read: "The Government of the United States has made this bank perfectly safe," and most of the 70,000 freedmen who were its patrons fancied that they had the security of the Government. It is a significant fact—and one showing the mistake of committing to a body of politicians the management of bank affairs—that during the first nine years of this bank's existence Congress never once exercised its reserved right to inspect the bank's affairs, and did not do so until June, 1874, when the public recognition of its hollowness influenced Congress to appoint three Commissioners to wind up its affairs. The book-keeping and management of the institution degenerated into such reprehensible practices that the Commission reported that "a more perverted arrangement could scarcely have been devised by human ingenuity if the design had been specially directed to obscure the transactions of the institution." The Commissioners nearly two years ago declared a dividend of twenty per cent. on the three millions of its liabilities, and Washington advices state that they are now able to pay ten per cent. or more, and hopes are entertained that the sum total may reach fifty per cent. This episode in legislative banking is manifestly not reassuring to the advocates of Government intervention.

In the abstract, however, a general reason may be given, that the encroachment of a paternal government upon the rights of individuals and its consequent tendency to cause individuals to look to the State instead of their own exertions and intelligence is prejudicial to the interests of society. It is a matter of grave question whether a large portion of the $45,000,000 annually collected and disbursed under English Poor Laws is a charity, and many writers believe that this certainty of Government support encourages profligacy and destroys the energy and ambition of its recipients. In a like manner it is fatal to the pecuniary and social independence of any class to have their domestic interests preserved by the State. Mill said: "A people among whom there is no habit of spontaneous action for collective interest—who look habitually to their Government to command or prompt them in all matters of joint concern—who expect to have everything done for them except what can be made an affair of mere habit and routine—have their faculties only half developed; their education is defective in one of its most important branches." There are plenty of men—and some are among the Grangers—who would have the Government invade the domain of private business and become a

banker, and manager of railroads, telegraphs and insurance. Because England receives and guarantees deposits or issues insurançe policies—because some Continental nations own and control railroads—it does not follow as a logical sequence that we, with a different social and political system, should follow their example. Rather divorce our financial machinery from government control than wed to it any new or experimental powers.

Though of extreme benefit to society, Savings banks have lost their distinctive character as philanthropic institutions, and are wholly subservient to financial laws. It is admitted that there are many acts which can better be performed by Government than by individuals, such as enforcing quarantine regulations, prohibiting and punishing crime, suppressing immoral literature and prescribing codes of justice and educational systems; but the management of a Savings bank is essentially a trade act, and there, if anywhere, the *laissez faire* policy should prevail.

Dismissing political considerations, a valid and important economic reason exists against the State assuming the functions of a banker.

Under the present system Savings banks gather up the small and isolated sums which lie idle and unproductive in the hands of the lower and middle classes, and by aggregating them, return them in the shape of active business capital to the community from whence they came. This money stimulates production and contributes a new impulse to industrial pursuits which directly and sensibly increases the demand for the labor and services of the depositor. So forcible and apparent is this fact, that many Savings bank managers in the New England States, to the personal knowledge of the writer, decline equally safe and more remunerative investments outside of the community, in order to employ their deposits among those from whom they receive them. Apply these facts to the question of Postal banks, and it will readily be seen that the diversion of this money into government stock would withdraw it from local circulation, and deprive the neighborhood of this industrial stimulus.

Apropos to this point, an item of testimony incidental to a Parliamentary investigation of another question in 1826 may be quoted. Said a distinguished witness from Scotland: "The system of deposit accounts, I think, is a very great stimulus to the habits of industry and economy and frugality in Scotland. The whole surplus capital of the individual is thus rendered productive. Under this system money arising from those deposits is issued out to encourage further consumption of labor in the country."

Question—"It would be a loss then to the country if it was removed from the channel in which it is now placed,

into this country on debentures!" Answer—"It certainly would." Question—"Under this system does not the poor workman gain immediate interest for his saving, whilst the saving is immediately employed through the bank in putting a further portion of labor into motion?" Answer—"Precisely so."

The question may be summed up by saying that unless the business is in itself of a nature prejudicial to the community and not merely an abuse of a legitimate business, it is not right or expedient for the State to appropriate it.

The sharp competition and rivalries of trade which summon to its aid all the acquisitions of science and letters, render uncertain the issue of all commercial enterprises, but the most dogmatic advocate of paternal goverment would not ask a government guarantee of any consequent losses. It would be difficult, the writer apprehends, to discover a valid reason why the State should extend protection to monetary investments which is no where accorded to ventures in trade. The desire to afford a channel for safe investment can be satisfied by bringing government bonds within the easy reach and access of purchasers. It affords no justification for government recourse to the expensive machinery of banking, and its assumption of responsibility for the acts of thousands of Post-master bankers. The supervision by the government of institutions enjoying public franchises is proper and quite different from itself undertaking the business, but even this does not apply to private corporations. The State has no more right to require of a private banker that he keep a reserve, have a capital, publish and submit for verification reports of his financial condition than it has to compel a merchant to observe the same restrictions with regard to his business operations; but in chartered institutions, whose legal existence is created by the State, such regulations may very properly be enforced.

There are certain elementary prerequisites to sound banking which it would be policy for the State to prescribe in all incorporated institutions; provisions which experience demonstrates cannot be neglected by banks without peril. First, a stipulated and paid-in capital, in principle similar to that now required of National banks. Second, a heavy reserve. Third, published reports at unexpected intervals; and fourth, rigid inspection by bank commissioners. If private firms upon whom the State cannot exercise these restrictions do not choose voluntarily to conform to them, the public will trust them at their peril. One thing is certain, the State cannot make men honest and competent by legislation; at most it can only institute regulations which will make their detection and exposure more easy and prompt.

High rates of interest and seductive promises of weak

and explosive institutions will always entice men to trust to a policy their reason must condemn. This is the class of people which the most needs government guardianship, but which would the least avail itself of its proffered aid. All that the Government consistently can do is to facilitate the formation of sound institutions and their conservative direction, and there its duty ends, and all further responsibility rests upon society.

It is false in principle and dangerous in practice for any bank, savings or commercial, to take the chances of business without an ample capital: therefore the absence of capital is presumptive evidence of weakness as is the payment of an exorbitant rate of interest. Again, it is unjust that the profits of business should be enjoyed without responsibility for possible losses; therefore a strict accountability should be enforced against trustees and stockholders for any delinquencies.

Observe these precautions, together with frequent inspection and public reports, and the best interests of society will be subserved far more successfully than by a political and irresponsible government Postal bank.

San Francisco, November, 1877.

[Note.—Recent discussions of the question of Postal Savings Banks having stimulated a general interest in this subject, we will publish, in an early number of the Banker's Magazine, the full text of the British Postal Savings Bank Act of 1861, with a synopsis of the amendment of 1863.—Ed. B. M.]

THE PRICE OF SILVER.

The most active force affecting the price of silver at the present time is the sale of silver by the German Government. In times of commercial depression a *fact* has more influence than a *theory;* so that the fact of present large sales of silver by the German Government is more potent in determining the price of silver, than the well founded theory that, first the approaching exhaustion of the stock of German silver limits the future sales; and, second, that a ceaseless absorption of silver by India and China will soon make the supply of silver less than the demand.

In the estimates of the silver disposable by Germany the amounts varied from $295,000,000 estimated as a maximum by the British Silver Commission, to $175,000,000 as a minimum, the latter estimate being made by the agent of the German Government in London who has had the charge of the sales of silver in London. By the British Trade Reports it appears that the imports of silver into Great Britain from Germany have been as follows:

In 1871	$ 5,920,000
" 1872	6,060,000
" 1873	2,125,000
" 1874	11,760,000
" 1875	5,765,000
" 1876	26,790,000
" 1877 (nine months)	54,600,000
	$ 113,020,000

It will be seen from this exhibit that the exports of silver from Germany to Great Britain, (and in effect this represents the sales of German silver) for nine months of 1877 were about ninety-three per cent. of the amount for six years preceding. The change in price during this large export in nine months of 1877 has been from fifty-six pence per ounce February 1877 to fifty-four and a half pence per ounce in November 1877 according to London quotations.

The London *Economist* estimates the total value of German silver to be ten per cent. in addition to the sales in London—that is the total sales of German Silver from 1871 to October 1877 to be $ 125,000,000. If, therefore, we take the mean between the maximum and minimum estimates, as before stated, of the amount of German Silver to be sold during the proposed change in coinage, this middle estimate being $ 235,000,000, we find that there is yet of disposable silver $ 110,000,000, or about eighteen months' supply at the rate of the sales in London during the nine months of 1877. This omits entirely the sales by the German Government outside of London, which would probably be large if the United States should become a purchaser or should afford a market in consequence of silver re-monetization.

Other influences are at work likely to affect the price of silver besides the exhaustion of the supply from Germany, and the increasing demand by India; but of these only one is likely to be immediately effective, namely; the demand for silver by the United States in excess of its own silver production. How much this will be is a problem only to be solved by experience. France has about four hundred million of dollars of silver—we are likely to need less even in the event of unlimited silver—but how much less? our capacity is large! and the greater from our growing trade in silver with China. The shipments of silver from San Francisco in the past five years have been $ 26,450,674 of which $ 10,860,675 was exported during the past fiscal year. Of the whole exports for five years $ 18,917,432 was in trade dollars, and in the past year $ 10,860,675 trade dollars were shipped, giving promise for San Francisco in direct trade with China, of doing in future a large part of the shipment of treasure needed by those "cess-pools of precious metals"—India and China.

INDORSEMENT OF PROMISSORY NOTE BY STRANGER BEFORE DELIVERY.

[FROM THE ALBANY LAW JOURNAL.]

SUPREME COURT OF THE UNITED STATES.—OCTOBER TERM, 1877.

Good vs. *Martin.*

When a promissory note made payable to a particular person or order is first indorsed by a third person, such third person is held to be an original promisor, guarantor or indorser. (1) If he put his name in blank on the back of the note to give the maker credit with the payee, or if he participated in the consideration of the note, he is held as joint maker. (2) If subsequent to the making and delivery of the note, he did the act in pursuance of a contract between the maker and payee for forbearance, he is held as guarantor. (3) If he did it with the understanding of all parties that the note was to be inoperative until indorsed by the payee, he would be held liable only as second indorser.

The presumption where such an indorsement is made in blank is, that the party is liable as maker or guarantor.

Where the party is held as a promisor or a second indorser, it is not necessary to allege or prove any other than the original consideration, but if it is attempted to hold him as a guarantor, a distinct consideration must appear.

Error to the Supreme Court of the Territory of Colorado.

The action was one of assumpsit upon a promissory note brought by *Ida Martin* against *Parker B. Cheney*, *William M. Shephard* and *John Good*, and payable to the order of Alexander Davidson. Cheney and Shephard were makers of the note and Good indorsed the same. Other facts appear in the opinion. The case is reported below in 1 Colorado, at pages 165 and 406.

Mr. Justice CLIFFORD delivered the opinion of the Court.

Decisions of a conflicting character exist as to the nature and legal effect of the obligation which a third person assumes who indorses his name in blank on a negotiable promissory note before the payee and before the instrument is delivered to take effect. Courts of justice in some jurisdictions hold that such a party is a second indorser even though it be true that the payee may never indorse the instrument. *Phelps* vs. *Fisher*, 50 N. Y.; *Shafer* vs. *Bank*, 59 Penn. St. 148.

Even elementary rules show that he cannot be first indorser, for the reason that he is not payee, and it is well-settled law that no one but the payee can sustain that relation to the maker or put the note in circulation as a negotiable instrument. *Essex Co.* vs. *Edmunds*, 12 Gray 276; *Moies* vs. *Bird*, 11 Mass. 440.

Three of the counts of the declaration are framed upon a promissory note, dated June 29, 1866, payable to Alexander Davidson or order, sixty days after date, signed by the first two defendants, and the record shows that it was indorsed by the other defendant before it was indorsed by the payee and before it was delivered to take effect as a negotiable instrument. His indorsement was in blank, and of course was without any written explanation as to its nature and intended effect.

Besides the three counts framed upon the promissory note, the declaration also contained the common counts, in which it was alleged that the defendants were indebted to the plaintiff in the sum of $2,000 for work and labor done and performed, and in the same sum for goods, wares and merchandise sold and delivered, and in the same sum for money had and received, and other counts *in indebitatus assumpsit*.

Service was made, but the two defendants first named failed to appear and were defaulted. Instead of that the other defendant appeared, pleaded the general issue, and went to trial. Evidence was introduced on both sides, and the verdict and judgment were for the plaintiff in the sum of $3,625.33.

Exceptions were filed by the defendant who went to trial, and he sued out a writ of error and removed the cause into this Court.

Only two of the exceptions are embodied in the assignment of errors, and those only will be reëxamined: (1) That the Court erred in instructing the jury that if they found from the evidence that the defendant wrote his name upon the back of the note before the delivery of the same to the payee, and that he did not then make any statement of his intention in so doing, he is presumed to have done so as the surety of the makers and for their accommodation, to give them credit with the payee, and is liable for the payment of the note in this action; and that if that presumption is not rebutted by the evidence in the case, they must find for the plaintiff in the issue joined between her and the last-named defendant. (2) That the Court erred in excluding the testimony of the two defendants called as witnesses by the defendant who appeared and went to trial.

Decided cases almost innumerable affirm the rule that if one not the promisee indorses his name in blank on a negotiable promissory note before it is indorsed by the payee and before it is delivered to take effect as a promissory note, the law presumes that he intended to give it credit by becoming liable to pay it either as guarantor or as an original promisor. *Bryant* vs. *Eastman*, 7 Cush. 113; *Benthal* vs. *Judkins*, 13 Metc. 267; *Colburn* vs. *Averill*, 30 Me. 317.

Different courts, as remarked in that case, hold different views in respect to the question here involved, but all concur that such an act constitutes a contract which is to receive a reasonable and an available construction. Great conflict exists in the decided cases, but the better opinion is that there are certain general rules and principles to be followed in the interpretation of such a contract, which, in the absence of other evidence, will lead to satisfactory results, even amid the conflicting decisions.

Beyond all doubt the contract should be construed as it was at the time it was made. If made at the inception of the note it is presumed to have been for the same consideration and a part of the original contract expressed by the note. If made subsequently to the date of the note and without a prior indorsement by the payee, it will be presumed that it was not made for the same consideration, and the party, if liable at all, will be regarded as a guarantor. Such a contract to guarantee the debt of a third person must be in writing, and there must be sufficient proof of the consideration. *Brewster* vs. *Silence*, 4 Seld. 211; *Leonard* vs. *Vredenburg*, 8 Johns. 28; *Hall* vs. *Farmer*, 5 Denio 484.

These remarks apply where the third person indorses the note before the payee, but where such a person indorses the note after a prior indorsement by the payee, the law presumes it to have been done in aid of the negotiation of the note, and the party will be regarded as a subsequent indorser, the rule being that if the indorsement is without date it will be presumed to have been made at the inception of the note. *Ranger* vs. *Cary*, 1 Metc. (Mass.) 373; *Noxon* vs. *De Wolf*, 10 Gray 760; *Collins* vs. *Gilbert*, 4 Otto 760.

Irregularities of the kind in the execution of promissory notes are noticed by Judge Story in his work on Promissory Notes, and he says that the maker and such a party are both to be deemed original promisors and the note a joint and several promissory note to the payee, although as between the maker and the other party they stand in the relation of principal and surety. Standard authorities too numerous for citation here are referred to by the author in support of the proposition. Story on Promissory Notes, § 58; *Sylvester* vs. *Downer*, 20 Vt. 358; *Lewis* vs. *Harvey*, 18 Mo. 76; 1 Pars. on Cont. (6th ed.) 243.

None will deny, it is presumed, that the cases cited sustain the proposition where the third person indorses his name in blank on the note at the time when it was made and before it was indorsed by the payee, and the same learned author admits that the rule would be otherwise if the party actually wrote his name at a subsequent period, unless it was done in compliance of an agreement made before the note was executed. *Hawkes* vs. *Phillips*, 7 Gray 286; *Leonard* vs. *Wilder*, 36 Me. 268; *Champion* vs. *Griffith*, 13 Ohio 239.

Prior decisions of this Court are to the same effect, as appears by the following citation: *Rey* vs. *Simpson*, 22 How. 350.

When a promissory note made payable to a particular person or order is first indorsed by a third person, such third person is held to be an original promisor, guarantor or indorser, according to the nature of the transaction and the understanding of the parties at the time the transaction took place.

1. If he put his name in blank on the back of the note at the time it was made and before it was indorsed by the payee, to give the maker credit with the payee, or if he participated in the consideration of the note, he must be considered as a joint maker of the note. *Schneider* vs. *Schiffman*, 20 Mo. 571; *Irish* vs. *Cutler*, 31 Me. 537.

2. Reasonable doubt of the correctness of that rule cannot be entertained, but if his indorsement was subsequent to the making of the note and to the delivery of the same to take effect, and he put his name there at the request of the maker, pursuant to a contract of the maker with the payee for further indulgence or forbearance, he can only be held as guarantor, which can only be done where there is legal proof of consideration for the promise, unless it be shown that he was connected with the inception of the note.

3. But if the note was intended for discount and he put his name on the back of the note with the understanding of all the parties that his indorsement would be inoperative until the instrument was indorsed by the payee, he would then be liable only as a second indorser in the commercial sense, and as such would clearly be entitled to the privileges which belong to such an indorser.

Considerable diversity of decision, it must be admitted, is found in the reported cases where the record presents the case of a blank indorsement by a third party, made before the instrument is indorsed by the payee and before it is delivered to take effect, the question being whether the party is to be deemed an original promisor, guarantor or indorser. Irreconcilable conflict exists in that regard, but there is one principle upon the subject almost universally admitted by them all, and that is that the interpretation of the contract ought in every case to be such as will carry into effect the intention of the parties, and in most cases it is admitted that proof of the facts and circumstances which took place at the time of the transaction are admissible to aid in the interpretation of the language employed. Law Rep., 5 Q. B. 475.

Facts and circumstances attendant at the time the contract was made are competent evidence for the purpose of placing the Court in the same situation and giving the Court the same advantages for construing the contract which were possessed by the actors. *Cavazos* vs. *Trevino*, 6 Wall. 784.

Courts of justice may acquaint themselves with the facts and circumstances that are the subjects of the statements in the written agreement and are entitled to place themselves in the same situation as the parties who made the contract, so as to view the circumstances as they viewed them, and so to judge of the meaning of the words and of the correct application of the language to the things described. *Shore* vs. *Wilson*, 9 Cl. & Fin. 569; *Clayton* vs. *Grayson*, 4 Nev. & Man. 606; Addison on Cont. (6th ed.) 918; 2 Taylor's Ev. (6th ed.) 1035.

Evidence to show that the indorsement of the defendant in this case was made before the instrument was indorsed by the payee or delivered to take effect was admitted without objection, but it is not necessary to rest the decision upon that suggestion, as it is clear that the evidence would have been admissible even if seasonable objection had been made to its competency. *Hopkins* vs. *Leek*, 12 Wend. 105.

Like a deed or other written contract, a promissory note takes effect from delivery, and as the delivery is something that occurs subsequent to the execution of the instrument, it must necessarily be a question of fact when the delivery was made. Parol proof is, therefore, admissible to show when that took place, as it cannot appear in the terms of the note. 2 Taylor's Ev. (6th ed.) 1001; *Hall* vs. *Cazenove*, 4 East 477; *Cooper* vs. *Robinson*, 10 Mees. & Wels. 694.

Opposed to that the suggestion is that if a holder produces a note having a blank indorsement of one not the payee, the presumption is that it was made at the inception of the instrument. *Childs* vs. *Wyman*, 44 Me. 441. Grant that and still it is a mere presumption of fact which may be rebutted and controlled by parol proof that it was not there when the note was delivered, or that it was made at a subsequent date. *Essex Co.* vs. *Edmunds*, 12 Gray 278.

Third persons indorsing a negotiable promissory note before the payee, and before it is delivered to take effect, cannot be held as first indorsers, for the reason that they are not payees, and no party but the payee of the note can be the first indorser and put the instrument in circulation as a commercial negotiable security. Such a third party may, if he chooses, take upon himself the limited obligation of a second indorser, but if he desire to do so he must employ proper terms to signify that intention, the rule being that a blank indorsement supposes that there are no such terms employed, and that he is liable either as promisor or guarantor.

Blank indorsements may be filled up to express the legal contract, and the true commercial rule is, that when the blank is filled the instrument shall have the character of a written instrument and not depend on parol proof to give it effect, nor be subject to be altered or contradicted by parol proof. Indorsements of the kind are or may be valid, as the law presumes that such an indorser intended to be liable in some form. It does not charge him as indorser unless the terms employed are proper to express such an intent; but if any one not the payee of a negotiable note, or in the case of a note not negotiable, if any party writes his name on the back of the note, at or sufficiently near the time it is made, his signature binds him in the same way as if it was written on the face of the note and below that of the maker; that is to say, he is held as a joint maker or as a joint and several maker, according to the form of the note. Cases also arise where the signature of a third person is subsequent to the making and delivery of the note, and in that case the third person, as to the payee, is not a maker but a guarantor, and his promise is void if without consideration, but the consideration may be the original consideration if the note was received at his request and upon his promise to guarantee the same, or if the note was made at his request and for his benefit. 1 Pars. on Cont. (6th ed.) 244.

Judge Story says that the interpretation ought to be just such as carries into effect the true intention of the parties, which may be made out by parol proof of the facts and circumstances which took place at the time of the transaction. If the party intended at the time to be bound only as guarantor of the maker he shall not be an original promisor, and if he intended to be liable only as a second indorser he shall never be held to the payee as first indorser. Story on Prom. Notes, § 479.

Where the evidence on these points is doubtful, obscure, or totally wanting, courts of law adopt rules of interpretation as furnishing presumptions as to the actual intention of the parties. Difficulty in that regard can never arise where the indorsement is special if it contains words proper to show that the party intended to be liable only as second indorser. Where the indorsement is in blank, if made before the payee, the liability must be either as an original promisor or guarantor, and parol proof is admissible to show whether the indorsement was made before the indorsement of the payee and before the instrument was delivered to take effect, or after the payee had become the holder of the same; and if before, then the party so indorsing the note may be charged as an original promisor, but if after the payee became the holder, then such a party can only be held as guarantor, unless the terms of the indorsement show that he intended to be liable only as second indorser, in which event he is entitled to the privileges accorded to such an indorser by the commercial law.

Whether regarded as a second indorser or an original promisor, it is not necessary to allege or prove any other than the original consideration, but if it be attempted to charge the party as a guarantor, a distinct consideration must appear. *Essex Co.* vs. *Edmunds*, 12 Gray 277; *Brewster* vs. *Silence*, 4 Seld. 207.

Viewed in the light of these suggestions, it is clear that the first assignment of error must be overruled.

2. Territorial courts are not courts of the United States within the meaning of the Constitution, as appears by all the authorities. *Clinton* vs. *Englebrecht*, 13 Wall. 447; *Hornbuckle* vs. *Toombs*, 18 id. 653.

Witnesses in civil cases cannot be excluded in the courts of the United States because he or she is a party to, or interested in, the issue tried, but the provision has no application in the courts of a territory where a different rule prevails. 13 Stats. at Large, 351; *Bowman* vs. *Noyes*, 12 N. H. 305; *Bridges* vs. *Armour*, 5 How. 94; *Bailey* vs. *Knapp*, 7 Harris 193; *Halz.* vs. *Snyder*, 2 Casey 512.

Suppose that is so, then the two defendants called as witnesses were rightly rejected as witnesses. 13 Stats. at Large, 351.

Special reference is made to the Territorial Act of the 11th of February, 1870, as inconsistent with the ruling of the Court, but the Act in question contains the following proviso: That the Act "shall not apply to cases pending at the passage thereof in the district courts, on appeals from justices of the peace, nor to cases at issue at the passage of the same in the district and probate courts." Sufficient appears to show that the case before the Court was at issue in the Court below one whole year before the passage of that Act.

Tested by these considerations it is clear that the second assignment of error must also be overruled, and that there is no error in the record.

Judgment affirmed.

PURCHASE OF NOTES BY NATIONAL BANKS.

SUPREME COURT OF MINNESOTA.

SEPTEMBER 21, 1877.

First National Bank of Rochester vs. *Pierson.*

The purchase of a promissory note by a National bank for purposes of speculation is *ultra vires*, and the bank acquires no title to and cannot recover on a note so purchased. *Farmers and Mech. Bank* vs. *Baldwin*, 14 Alb. L. J. 391, followed.

Appeal by plaintiff from a judgment in favor of defendant in the District Court of Olmstead County. The action was upon a promissory note made by defendant and held by plaintiff. Such other facts as are material appear in the opinion.

CORNELL, J.—It is expressly found as a fact by the District Court, before whom this cause was tried without a jury, "that the transaction under which the plaintiff claimed to have acquired the note in question, was a purchase and not a discount, or lending of money on the credit of it;" and we have no hesitation in saying that, upon the evidence, we fully concur with the Court that such was undoubtedly the real nature of the transaction as intended by the parties thereto. As a conclusion of law from this finding the Court held "that the plaintiff, a National bank corporation, had no authority to purchase or traffic in promissory notes as choses in action, and did not in law acquire, by the supposed purchase, any title to the note in question, and cannot recover upon it in this action."

Upon the fact as thus found it will be seen that the only question presented is, whether a National bank, created and organized under the act of Congress, "to provide a National currency," etc., is authorized to deal or traffic in promissory notes, as a species of personal property, or to acquire any title to such paper by a purchase, made admittedly not in the way of discount, or by lending money on the credit of it. In the case of the *Farmers and Mechanics' Bank* vs. *Baldwin*, 14 Alb. L. J. 391, it was expressly held that no power of this character is conferred by a law of this State, which authorizes State banks, organized under its provisions, "to carry on the business of

banking by discounting bills, notes and other evidences of debt, by receiving deposits, by buying and selling gold and silver bullion, foreign coin and foreign and inland bills of exchange, by loaning money on real and personal securities, and by exercising such incidental powers as may be necessary." And that a purchase of such paper, made not in the way of discount, was *ultra vires*, as outside the legitimate scope and purposes of such institutions.

Under the congressional enactment, the authority which is given is "to exercise all such incidental powers as shall be necessary to carry on the business of banking, by discounting and negotiating promissory notes, drafts, bills of exchange, and other evidence of debt, by receiving deposits, by buying and selling exchange, coin and bullion; by loaning money on personal security, and by obtaining, issuing and circulating notes according to the provisions of said title." U. S. Rev. Stats., § 5, 136.

This is substantially like the State statute which was under consideration in the *Farmers and Mechanics' Bank* vs. *Baldwin*, *supra*. The word "negotiating," as used in this section, and likewise in section 29 of the same statute, is used in its ordinary and appropriate transitive sense, to indicate, not an act of purchase, but one of transfer, whereby the negotiated paper is passed from the holder or owner and put into circulation. Hence the incidental power to negotiate notes to the extent necessary to carry on the business of banking, simply implies an authority to realize upon such commercial paper as the bank may receive in the lawful conduct of its business, by negotiating, selling and transferring it by means of a re-discount, obtained or otherwise.

It gives no implied authority to speculate or traffic in paper of the character of the note in question, or in financial securities of any description. Morse on Banking, 4 and 5.

The powers, therefore, which are conferred by this section, in respect to the acquisition of commercial or business paper, are in no way affected or enlarged by the use of the term "negotiating."

In the absence of any authoritative exposition of the Federal statute in this regard, the principle settled in the *Farmers and Mechanics' Bank* vs. *Baldwin* must be regarded as decisive of the present case.

It is suggested by counsel for appellant, that upon the evidence this case is distinguishable from that of the *Farmers and Mechanics' Bank* vs. *Baldwin*, *supra*, in that the note sued on here was indorsed by Butler, the holder at the time of the transfer to the plaintiff.

This fact is undoubtedly a distinguishing though not conclusive test of the character of the transaction, and ordinarily raises a strong presumption denoting the existence of the relation of lender and borrower between the bank and the party so making the transfer, and thereby indicates that the parties really intended a loan of money upon the credit of the paper so indorsed. And we have no doubt when such is the intention, "a borrower may," as was held in *Smith* vs. *Exchange Bank of Pittsburgh*, cited by appellant, "obtain the discount by a bank of the existing notes and bills of others of which he is the holder, as well as of his own paper made directly to the bank." And that the bank will thereby acquire a valid title to such paper because it makes the purchase by discount or through the exercise of its discounting powers. But where the acts of the parties, and the circumstances surrounding the transaction clearly rebut any presumption arising from the indorsement, and indisputably indicate the real nature of the transaction, intended by the parties to be, in the language of the Court below, "an out-and-out purchase of the note, and not discounting it or lending money on the credit of it," the mere fact of indorsement is not sufficient to warrant the Court in treating the transaction as something different from what was intended.

We fully concur with the Court below in its conclusion as to the character of the transaction in this case.

It was an ordinary case of note shaving, pure and simple, for purposes of gain alone, outside the circle of any legitimate banking business, and foreign to any purpose for which those institutions are established. No loan was made or intended, nor was there any discount in the ordinary and legal acceptation of that term as applied to the business of banking.

Judgment affirmed.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. GARNISHEE OF NATIONAL BANK DEPOSITS.

What is your understanding of the effect of Sec. 5,242 of the *Revised Statutes* as regards the deposits of National banks? Does not this section protect them from any writ of attachment against the funds of a depositor? What are the decisions?

REPLY.—Section 5,242 of the *Revised Statutes* was not intended to prevent, and does not prevent, the right of a creditor to garnishee the funds of a debtor, which may be in the hands of a National bank. Such a process does not impair any right of the bank; it simply estops the bank from paying out such funds until the decision of a court shall order their payment to a proper party. There has been no "decision" on this point in any case, because there has been, so far as we can learn, no suit in which the point was advanced.

II. SUPERSCRIPTIONS ON THE FACE OF A NOTE.

Suppose a note payable at bank A, and the drawer keeps his account at bank B. If, on the day of maturity or before, the drawer writes across the face for bank B to charge the same to his account, would this vitiate the note in any way?

REPLY.—An order written across its face instructing Bank B to pay a note which is drawn payable at Bank A would not vitiate the note. It is a piece of superfluity, independent of the instrument, which was complete without such order, and is unaltered by it. The holder would still be obliged to present it (if unpaid) at Bank A, as presentation at no other place would be sufficient to charge the indorser.

III. THE PROTEST OF UNINDORSED DRAFTS.

Why is it that the banks in the larger cities protest all bills of exchange sent them for collection, whether they have been indorsed or not? The object of a protest is to bind an indorser. What then is accomplished by protesting when there is no indorser?

REPLY.—The reason for protesting bills of exchange received for collection, when they are not indorsed, is to hold the *drawer*. It is true that the drawer of an inland bill of exchange will be held if there be a demand of payment and due notice of non-payment sent to him, even without the formalities of a notarial protest. But, in case of suit, or of dispute as to the facts of demand and notice, the proper proof is afforded through a notary's certificate, or record, when he has protested the paper. It is therefore the duty of a bank to protest all drafts, when not otherwise instructed by their owner, unless the bank is willing to take the risk of releasing the drawer, or of being held responsible therefor in the event of resulting loss.

IV. The Responsibility for Collections.

A sends B, for collection, C's acceptance for $200. C has no credit with B or in the community, and B accepts C's sight-draft on New York, where C had been in the habit of obtaining funds and his drafts always had been honored, and sends it to A in payment. A accepts it as such, indorses it, and sends it on for collection, but it is returned under protest, parties in New York having failed. Is B responsible, and must he make good the $200 to A? The sight-draft on New York was payable to B's order.

Reply.—It was the duty of B to collect C's acceptance in actual money, or else to return it if unpaid. When B received C's draft instead of the money, he did so at his own risk. The fact that he sent it to A in payment of the collection does not release B (unless A distinctly agreed to release him), and when the draft is protested for non-payment B is holden as the indorser thereon.

[*Note.*—Several inquiries of much interest are laid aside until next month, from want of time just now to investigate the questions raised.]

THE ESTIMATED SILVER YIELD OF 1877.

The following statistics, from a correspondent in California, present the actual average of producing silver mines for nine months, January 1, 1877, to October 1, 1877.

Comstock.................................	average	45 per cent.	gold.
Other mines..............................	"	5 "	or less gold.

COMSTOCK.

Monthly.

Belcher	$45,411
California	1,553,177
Chollar-Potosi	49,400
Consolidated Virginia	1,051,555
Justice	225,411
Ophir	15,233
	$2,940,187

At this rate, production will be per calendar year:
About $16,000,000 gold; $19,000,000 silver.

OTHER MINES—(silver).

Monthly.

K. K. Consol	$42,522	...	Grand Prize	$60,385
Leopard	26,955	...	Indian Queen	4,577
Manhattan	71,111	...	Martin White	14,977
Modoc Consol	55,233	...	Minnietta Belle	9,833
New Coso	54,266	...	Panther	2,111
Northern Belle	140,577	...	Raymond & Ely	20,233
Ontario	137,744	...	Rye Patch	10,822
Tybo Consol	75,077	...	Standard	75,077
Geneva Consol	7,311	...	Eureka Consol	98,000
				$906,814

Fifty per cent. gold:
About annually, $10,880,000 silver; $540,000 gold.

Estimated annual silver production outside of above enumerated mines in California and Nevada is, say.......................... $600,000

Average monthly yield Arizona mines, at present:

McCrackin Consolidated	$30,000
Peck	30,000
Silver King	100,000
Other mines	30,000
	$190,000

During the past nine months the production has probably not been more than four-fifths this average, that is to say about $150,000.

Arizona mines for this calendar year at that rate, about $1,200,000.

Jno. J. Valentine's estimate of gold production in California per annum is between $15,000,000 and $16,000,000.

RECAPITULATION.

Silver in Comstock		$19,000,000
" outside Comstock		11,480,000
" Arizona		1,200,000
		$31,680,000
Gold—Comstock	$16,000,000	
" California	15,500,000	
" All other	540,000	32,040,000
		$63,720,000

THE PREMIUM ON GOLD AT NEW YORK.

October—November, 1877.

1876.	*Lowest.*	*Highest.*	1877.	*Lowest.*	*Highest.*	1877.	*Lowest.*	*Highest.*
October	8⅞	13¼	Oct. 26	2¾	2¾	Nov. 12	2⅝	2⅞
November	8⅛	10½	27	2⅝	2¾	13	2¾	2¾
December	7	9	29	2⅝	2¾	14	2⅝	2⅝
1877.			30	2⅝	2¾	15	2½	2⅝
January	5¼	7⅛	31	2⅝	2⅞	16	2½	2¾
February	4⅝	6	Nov. 1	2¾	2⅞	17	2⅝	2¾
March	4¼	5⅜	2	2⅝	2¾	19	2¾	2¾
April	4¾	7⅞	3	2⅝	2⅝	20	2¾	2⅞
May	6¼	7⅜	5	2⅝	2⅞	21	2⅞	3⅜
June	4¾	6⅜	6	Election Day.		22	2⅞	3
July	5⅛	6⅛	7	2¾	3	23	2⅞	3
August	3⅞	5½	8	2⅞	2⅞	24	2⅞	2⅞
September	2⅞	4	9	2¾	2⅞	26	2⅞	3
October	2½	3⅜	10	2⅝	2¾	27	2⅞	3

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Authorized October 24 to November 21, 1877.)

No.	*Name and Place.*	*President and Cashier.*	*Capital. Authorized.*	*Capital. Paid.*
2373	Pacific National Bank, Boston, Mass.	A. I. Benyon. Frederick J. Chick.	$250,000	$250,000

NATIONAL BANKS OF THE UNITED STATES.

October, 1877.

Abstract of reports made to the Comptroller of the Currency, showing the condition of the National Banks of the United States, at the close of business on Monday, October 1, 1877; June 22d, 1876, and May 12th, 1877.

LIABILITIES.	1877. *October 1.* 2,080 *banks.*	1877. *June 12.* 2,078 *banks.*	1876. *May 12.* 2,089 *banks.*
Capital stock paid in	$479,467,771	$481,044,771	$500,982,006
Surplus fund	122,776,121	124,714,072	131,795,199
Other undivided profits	44,572,678	50,508,351	49,039,278
National bank notes outstanding*	291,874,236	290,002,057	300,261,760
State bank notes outstanding	481,755	521,620	657,385
Dividends unpaid	3,623,703	1,398,092	2,325,523
Individual deposits	616,403,987	636,267,529	612,354,979
United States deposits	7,972,714	7,187,431	8,493,995
Deposits of U. S. disburs'g officers	2,376,983	3,710,167	2,505,273
Due to other National banks	115,028,954	121,443,601	127,880,045
Due to State banks and bankers	46,577,439	48,352,583	46,706,969
Notes and bills rediscounted	3,791,219	2,953,128	4,653,460
Bills payable	6,137,116	6,249,426	5,650,126
Aggregate Liabilities	$1,741,084,680	$1,774,352,833	$1,793,306,002
RESOURCES.			
Loans and discounts	$888,243,290	$898,049,006	$936,395,949
Overdrafts	3,617,303	3,682,409*	3,499,136
U. S. bonds to secure circulation	336,810,950	337,754,100	344,537,350
U. S. bonds to secure deposits	14,903,000	14,971,000	14,128,000
U. S. bonds on hand	30,088,700	32,344,450	26,577,000
Other stocks, bonds & mortgages	34,435,995	35,653,330	30,905,195
Due from approved reserve ag'ts	73,284,133	82,077,882	86,769,083
Due from other National banks	45,217,246	44,567,303	44,328,609
Due from State banks & bankers	11,415,761	11,246,349	11,262,193
Real estate, furniture & fixtures	45,229,983	44,818,722	42,183,958
Current expenses and taxes paid	6,915,792	7,910,864	6,820,673
Premiums paid	9,219,174	10,320,699	10,414,347
Checks and other cash items	11,674,587	10,095,677	9,689,623
Exchanges for Clearing House	74,525,215	57,864,354	56,806,632
Bills of other National banks	15,531,484	20,182,948	20,347,964
Fractional currency	900,805	1,053,645	2,775,086
Specie, viz:			
Gold coin $4,869,656			
Silver coin 3,700,703			
U.S. gold certificates 14,088,460	22,658,820	21,393,129	21,714,856
Legal-tender notes	66,920,684	78,004,386	79,858,661
U. S. certif. for dep. legal-tenders	33,410,000	44,410,000	27,380,000
Five-per-cent. Redemption fund	14,494,643	14,612,333	15,028,452
Due from U. S. Treasurer	1,527,119	3,340,241	1,883,227
Aggregate Resources	$1,741,084,680	$1,774,352,833	$1,793,306,002

* The amount of circulation outstanding on May 12, 1876, as shown by the books of this office, was $318,202,242, which amount includes the notes in circulation of banks which have failed, are in liquidation, or have deposited legal-tender notes under the act of June 20, 1874.

BANKING AND FINANCIAL ITEMS.

NOTICE.

Important Change.—The increasing number of changes and failures among banks and bankers render highly desirable a more frequent issue than heretofore of the **Banker's Almanac and Register.** In order to meet this growing necessity, the publisher announces a **semi-annual** issue for the year 1878, viz: the regular edition as usual in January, and in July a corrected edition of the entire list of Banks and Bankers in the United States and Canada. This special issue will be known as the CASHIER'S EDITION, as it will contain only the Bank Lists. The subscription price for the two will be Three Dollars only, in advance. The extra volume will not be for sale separately, nor will it be furnished to any but those whose orders shall come **directly** to this office. The prospectus may be found in the present number of the BANKER'S MAGAZINE (See cover, page ii).

Orders for the **Cards** of Banks and Bankers, in the ALMANAC AND REGISTER for 1878, are now solicited. Notice of any additional changes among banks or banking firms should be furnished at once to this office.

DIVIDENDS.—The Comptroller of the Currency during the month of November declared dividends in favor of the creditors of insolvent banks as follows:

	Dividend, pr. ct.	*Making in all*
Crescent City National Bank, New Orleans...... ...	15	75 per cent.
First National Bank of Wichita, Kansas............	10	45 "
Lock Haven National Bank, Pa......................	10	10 "
Miners' National Bank of Georgetown, Colorado....	25	35 "
First National Bank of Norfolk, Va................	15	50 "
City National Bank of Chicago, Ill................	10	45 "

The Comptroller of the Currency has declared a dividend of twenty per cent. in favor of the creditors of the National Bank of Fishkill, N. Y., making in all a dividend of forty-five per cent.

DEATH OF A PROMINENT BANKER.—Mr. James Brown, the senior member of the eminent banking firm of Brown, Brothers & Co., died at his residence in this city on Thursday, November 1st, in the eighty-seventh year of his age. Mr. Brown was born in Ireland in 1791. In 1800 his father, Alexander Brown, came to this country with his four sons, William, George, John A. and James, and settling in Baltimore, began business as a general merchant under the firm-name of Alexander Brown & Sons. In 1808 William returned to Liverpool, where he established, in 1810, the well-known firm of Brown, Shipley & Co. In 1818 John A. Brown removed to Philadelphia and established the firm of John A. Brown & Co. Mr. James Brown (whose death is now recorded) removed to New York in 1825 and established the firm of Brown Bros. & Co. He retired from active business about a quarter of a century ago, though still retaining his position as head of the firm.

ANOTHER SAVINGS BANK CLOSED.—At a meeting held on the evening of November 23d, the trustees of the New Rochelle (New York) Savings Bank, decided to take advantage of the sixty days allowed by law and close the doors of the bank. The assets of the bank are given as $ 50,945, and its liabilities as $ 50,899. The depositors number 445, the majority being of the laboring class. The officers of the bank assert that if time enough is given them they will be able to pay in full. An examining committee was appointed to make a thorough investigation of the affairs of the bank and report.

ILLINOIS.—Further failures and suspensions have occurred in Chicago. On October 28th the Chicago Savings Institution and Trust Company was put into the hands of W. S. Hinckley as Receiver. This action was the result of a bill and petition filed by a depositor against C. F. W. Junge, the principal man in the institution. It is stated that the liabilities are $60,000 and the assets only $6,000.

The Third National Bank, of Chicago, decided, after business hours on November 21st, to ssupend, and go into liquidation. There can be no possible loss except to stockholders, and little, if any, is anticipated even to them. The statement of its resources and liabilities is as follows: Resources—bills discounted, $1,560,920, less re-discounts, $127,000, making $1,433,920; overdrafts, $161,415; United States bonds registered ex-interest, $667,000; real estate, $165,802; other bonds and stocks, $22,437; furniture, stamps, &c., $8,430; cash and exchange, $283,903; total, $2,742,904. Liabilities—Capital stock, $750,000; surplus, $200,000; undivided earnings, $28,901; circulation, $600,000; deposits, $1,164,006; total, $2,742,904. To the resources may be added the premium on bonds, worth at date $54,000. The cash and exchange are nearly all in cash balances, and may easily be obtained.

The Central National Bank closed its doors on the morning of November 23d, and has also gone into liquidation. Its officers claim that it will pay dollar for dollar to depositors, and make a good showing toward paying the stockholders in full. The bank experienced a slight run the day previous, and since October 1, some $200,000 having been drawn out. A statement of the condition of the bank is as follows:

Assets.—Notes and bills discounted, $419,162; U. S. bonds with premiums, $58,562; other bonds, $1,000; furniture, $5,466; due from banks, $23,738; in United States Treasury, Washington, $2,250; teller's cash and stamps, $34,680; total, $544,858.

Liabilites.—Capital stock, $200,000; circulation, $45,000; surplus and earnings, $16,183; due to banks and bankers, $133,713; city deposits, $149,962; total, $544,858. The bank was organized in 1872, and was subsequently consolidated with the National Bank of Commerce.

Receiver Turpin filed on October 29 his statement of the Fidelity Savings Bank. It shows the liabilities to be $1,315,054 and assets $945,537. A dividend of ten per cent. is to be declared at once.

In the case of suits of individual depositors *vs.* stockholdeis of the Fidelity Savings Bank, Judge Moore of Chicago has decided that the stockholders are liable, and must pay their indebtedness to the bank's creditors as a whole. This settles a number of similar suits which have been commenced.

A MISSTATEMENT.—Among recently published newspaper paragraphs was one to the effect that the "Home Savings Bank of Chicago, Ill." had suspended. This statement was a mistake, and doubtless grew out of the suspension of the Home Savings Bank of *Elgin*, Ill. The Chicago bank, from its first organization, has adopted the policy of making all loans of its deposits payable on call secured by first-class cash collaterals. It has therefore been enabled at all times to pay its depositors on demand, and has never been under the necessity of requiring from its depositors any notice whatever, either during the panic of 1873 or in the late crisis among the Chicago Savings banks.

ANOTHER LADY BANKER.—Miss S. Jennie Lyons has been appointed Cashier of the Poweshiek County Bank at Brooklyn, Iowa.

MASSACHUSETTS.—The Directors of the Union Market National Bank of Watertown, Mass., have issued a circular containing a letter from the National Bank Examiner, recommending a reduction of capital from $150,000 to $120,000, owing to the depreciation of securities. The directors having called a meeting to act upon this recommendation, the stockholders voted to levy an assessment of $20 a share, payable January 1, to make good the defficiency in assets. The $30,000 which will be realized from this assessment will give a small surplus.

MINNESOTA.—The State National Bank of Minneapolis will retire from business January 1, 1878. It will be succeeded by the Security Bank of Minnesota, which bank has organized under the banking law of the State, and will have a paid-in capital of $300,000. The officers will be: T. A. Harrison, President; H. G. Harrison, Vice-President; J. Dean, Cashier. New York Correspondents, the Bank of New York N.B.A., and the National Shoe and Leather Bank.

NEW JERSEY.—The People's Savings Bank, of Newark, N. J., which started in 1871, has suspended, with about $50,000 due depositors. The assets, if realized, are enough to pay in full.

NEW YORK.—To make up a deficiency in the assets of the late Wallkill National Bank of Middletown, N. Y., the Comptroller of the Currency, through the Receiver, John Burroughs, has ordered an assessment upon the stockholders of thirty per cent., payable by the 30th of November.

Brooklyn.—The Long Island Savings Bank, Brooklyn, will be wound up by the Trustees, who will commence payment in December. Mortimer C. Odgen has received his discharge as Receiver, and has turned over the funds to the Trustees.

Geneseo.—The banking house of Jarvis J. Cone at Geneseo, New York, was closed on November 2d. The reported indebtedness is about $130,000; the assets $30,000. James B. Adams and William H. Olmstead, both of Geneseo, have been appointed assignees.

OHIO.—The oldest banking firm in Cincinnati, Eli Kinney & Co., have suspended. The liabilities are about $150,000. Mr. Kinney has assets in real estate and securities sufficient to cover the liabilities. The losses are largely distributed, and will fall mostly upon people outside of the city. Mr. Kinney intends applying his private fortune towards a liquidation of the indebtedness. The creditors of the firm have elected two trustees to act with him in the adjustment and settlement of the affairs of the firm.

The Van Wert County Bank, Van Wert, O., has issued a statement setting forth the assets at $138,285, liabilities $109,266. The officers aud stockholders are confident that enough can be realized on the assets to pay dollar for dollar of its indebtedness.

PENNSYLVANIA.—Three banks at Reading have suspended. The Reading Savings Bank closed its doors on the morning of November 16th, and has made an assignment. The deposits in this bank are nearly one million dollars. Although the officers announce that the assets will be sufficient to pay all claims, it is now thought that scarcely ten per cent. will be realized. The deposits have fallen off $700,000 in the last two years. Immediately on the announcement that this bank had suspended, the banking house of Bushong & Brother, having deposits between $300,000 and $400,000, closed their doors, and also the Dime Savings Bank of Boyer and Sellers. The liabilities of the Dime Savings Bank are not over $15,000, and an assignment has been made. None of the Savings banks have as yet made any statements. The general opinion seems to be that the Bushong Bank suspended to evade a run, intending to close business.

Bushong & Brothers have presented a proposition to their creditors. They offer to give a general mortgage on all their property, both partnership and individual, to three trustees to be elected by the creditors. This mortgage to be in trust for the creditors, with interest, payable in five years, or on January 1, 1883. Certificates upon this mortgage to be issued to the creditors, bearing interest, payable in five years, or a part thereof, within that time, at the option of the Messrs. Bushong. It is expected this propositlon will be acceptable to the creditors.

NEW MINES.—A rich vein of gold and silver ores, seventy metres in length, and broader than any vein of metal yet discovered in the world, is reported to have been discovered a few leagues from Arequipa, Chili. The lay of the ore is four ounces to the cajon; and according to assays, made in Copiapo, of samples remitted there, some of it reaches fifty ounces.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from November No., page 410.)

State.	Place and Capital.	Bank or Banker.	N. Y. Correspondent and Cashier.
IND....	New Harmony.	New Harmony Bkg. Co.... Eugene S. Thrall, *Pr.*	National Park Bank. Horace P. Owen, *Cas.*
IOWA...	Grundy Centre.	Holt & Beckman..........	Gilman, Son & Co.
LA......	Shreveport.....	E. & B. Jacobs...........	National Citizens' Bank.
MASS...	Boston........ $250,000	Pacific National Bank..... A. I. Benyon, *Pr.*	National Park Bank. Frederick J. Chick, *Cas.*
NEB....	Falls City......	L. Boder & Brother.......	Donnell, Lawson & Co.
PENN...	Somerset......	Somerset Co. B. (Charles J. Harrison).	First N. B., Phila.
TEXAS..	Flatonia.......	Tuttle & Cockrill.........	E. S. Jemison & Co.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from November No., page 412.)

	Name of Bank.	Elected.	In place of
CAL....	Clearing House, San Francisco	A. McKinlay, *Pr*........	M. S. Latham.
		George C. Hickox, *Sec*...	I. Steinhardt.
		Charles Sleeper, *Mgr*....	....
" ..	San Joaquin Valley Bank, Stockton	Archibald Stevinson, *Pr.*	J. F. Harrison.
CONN...	Conn. Trust & Safe Dep. Co., Hartford	M. H. Whaples, *Pr*.....	W. H. Buell.
GA.....	City Bank of Atlanta..........	Wm. L. Scruggs, *Cas*...	O. F. Simpson.
ILL.....	Home National Bank, Elgin.	J. Barrows, *V.P., Act'g Pr.*	O. Davidson.
		E. D. Waldron, *Cas*.....	W. H. Hintze.
" ..	Will County Nat. Bank, Joilet.	Henry C. Knowlton, *Cas.*	G. P. Jones.
" ..	First Nat. Bank, Woodstock...	Edward A. Murphy, *Pr*..	N. Donnelly.
IND.....	First National Bank, Tell City.	M. Bettinger, *Pr*.......	F. Becker.
" ..	First National B'k, Thorntown.	John M. Boyd, *Cas*......	J. M. Patton.
IOWA....	Brighton Nat. Bank, Brighton.	J.W. Prizer, *V.P., Act. Pr.*	R. C. Rush.
" ..	Poweshiek Co. Bank, Brooklyn.	Miss S. J. Lyons, *Cas*....	E. J. Pratt.
KANS...	People's National B'nk, Ottawa.	J. P. Harris, *Pr*.........	H. H. Ludington.
LA.	Citizens' B'k of Louisiana, N. O.	E. L. Carriere, *Pr. pro tem.*	J. G. Gaines.
" ..	German National Bank, "	I. L. Bercier, *Cas*.......	H. Roehl.
" ..	Hibernia National Bank, "	George R. Preston, *Pr*..	J. C. Morris.
N. Y....	Bank of Buffalo, Buffalo.......	William C. Cornwell, *Cas.*	....
" ..	National Bank of Kinderhook.	Aug. W. Wynkoop, *Cas.*	J. J. Van Schaack.
OHIO...	Nevada Dep. Bank, Nevada..	O. C. Ewart, *Cas*........	E. F. Elliott.
		E. F. Elliott, *Ass't Cas*..	....
VT.	National Bank of Middlebury..	John W. Stewart, *Pr*....	P. Fletcher.
VA.....	Citizens' Bank, Bellefonte, (formerly Blacks & Whites)	W. H. Mann, *Pr*........	....
		W. H. Bridgeforth, *Cas*..	I. E. Irvin.
" ..	Montgomery Sav. B., Blacksburg	Giles J. Henderson, *Pr*..	....
" ..	Border Grange B'k, Danville.	George W. Price, *Pr*....	J. D. Blair.
		W. T. Swann, *Cas*......	J. J. Lawson.
" ..	Citizens' Bank, Petersburg...	S. W. Venable, *Pr*......	J. A. White.
		James A. Cuthbert, *Cas*..	D. A. Weisiger.
W. VA..	State B. of W. Va., Charleston.	D. C. Lovett, *Act'g Cas*..	J. Claypool.
" ..	Berkeley Sav. B'k, Martinsburg.	J. T. Young, *Treas*......	W. D. Burkhardt.

DISSOLVED OR DISCONTINUED.

(Monthly List, continued from November No., page 410.)

N. Y. CITY. Tenth National Bank; voluntary liquidation.

ILL.... Central National Bank; *Chicago;* closed.
" .. Third National Bank, *Chicago;* closed.
" .. Chicago Savings Institution & Trust Co., *Chicago;* hands of receiver.
" .. Garden City Savings Bank, (John E. Green) *Chicago;* voluntary liquidation.
" .. Home Savings Bank, *Chicago;* in business as usual. Previous report of suspension was an error.
" .. Murphy & Bishop, *Woodstock;* dissolved.

IOWA... Smith's Bank, (W. W. Smith) *Hamburg;* assigned.
" .. Twogood & Elliott, *Marion;* suspended.
" .. Green & McFarland, *Sumner;* will discontinue banking January 1, 1878.

KANS... R. M. Foster & Co., *Fredonia;* failed.
" .. Exchange Bank, (Shriner Brothers) *Washington;* suspended.

MO..... Iron Mountain Bank, *St. Louis;* voluntary liquidation. Business tranferred to International Bank.
" .. Appleton City Savings Bank, *Appleton City;* suspended.
" .. William Limrick, *Lexington;* closing.

N. J.... People's Savings Institution, *Newark;* suspended.

N. Y.... John Worthington, (Worthington Bank) *Cooperstown;* retired from banking business.
" .. James J. Cone, *Geneseo;* failed.
" .. A. A. Courter & Co., *Salamanca;* stopped business.

OHIO... E. Kinney & Co., *Cincinnati;* failed.
" .. F. J. Phillips & Co., *Georgetown;* failed.
" .. W. Kinney & Co., *Portsmouth;* assigned.
" .. Van Wert County Bank, *Van Wert;* closed

PENN... Monongahela Savings Bank, *Pittsburgh;* winding up.
" .. Bushong & Brother, *Reading;* suspended.
" .. Dime Savings Bank, *Reading;* suspended.
" .. Reading Savings Bank, *Reading;* failed.
" .. M. A. Sanner & Co., *Somerset;* closed.

TEXAS.. A. L. Kessler, *New Braunfels;* assigned.

RECENT CHANGES OF TITLE, ETC.

(Monthly List, continued from November No., page 411.)

COLO... Porter & Middaugh, *Del Norte;* now A. F. Middaugh.

ILL..... W. P. Sloan & Co., *Golconda;* now Sloan & Gilbert.

IND..... Bank of New Carlisle, *New Carlisle;* now Service & Son.
" .. First National Bank, *Union City;* succeeded by Com'l Bank. Same officers.

IOWA... Monroe Co. Bank, *Albia;* reörganized as a State Bank. J. A. Edwards, *Pr.*

KY..... National B'k of Monticello, *Monticello;* to be suc. by Kindrick, Sallee & Co.

MICH... First National Bank, *Negaunee;* succeeded by The Iron Bank.

MINN... Whitten & Haley, *Blooming Prairie;* succeeded by J. C. Brainerd & Co.
" .. State National Bank, *Minneapolis;* to be succeeded January 1, by The Security Bank of Minnesota. Same officers.

MO..... Brown, Hughes & Co., *Independence;* now Anderson, Hughes & Co.
" .. Newton County Bank, (Samstag & Stein), *Neosho;* now W. H. Stein.

N. M... Porter & Middaugh, *Cimarron;* now H. M. Porter.

OHIO... Lebanon Office of Waynesburg N. B., *Lebanon;* suc. by B. A. Stokes & Co.
" .. First National Bank, *Minerva;* now Minerva Banking Co. Same officers.

S. C.... D. Malloy, *Cheraw;* now H. D. Malloy.

PUBLIC DEBT OF THE UNITED STATES.

Recapitulation of the Official Statements—cents omitted.

Debt Bearing Interest in Coin.

	Oct. 1, 1877.		Nov. 1, 1877.
Bonds at six per cent	$799,293,600	...	$758,776,850
Bonds at five per cent	703,266,650	...	703,266,650
Bonds at four and a-half per cent	200,000,000	...	200,000,000
Bonds at four per cent	10,000,000	...	55,000,000
	$1,712,560,250		$1,717,043,500
Debt Bearing Interest in Lawful Money.			
Navy pension fund at three per cent	$14,000,000	...	$14,000,000
Debt on which Interest has Ceased	$19,334,320	...	$27,062,880
Debt Bearing no Interest.			
Old demand and legal-tender notes	$356,978,654	...	354,554,594
Certificates of deposit	43,110,000	...	37,620,000
Fractional currency	18,786,642	...	18,352,574
Coin certificates	37,997,500	...	33,543,200
Total principal	$456,872,796	...	$444,070,369
Unclaimed interest	7,447	...	7,447
Total debt	$2,262,769,367	...	$2,202,176,749
Interest	27,123,816	...	29,711,996
Total Debt, principal and interest	$2,229,891,183	...	$2,231,888,746
Cash in the Treasury.			
Coin	$119,152,043	...	$131,022,843
Currency	14 206,417	...	15,950,632
Currency held for redemption of fractional currency	8,835,468	...	9,444,569
Special deposit held for redemption of certificates of deposit, as provided by law	43,110,000	...	37,620,000
	$185,303,928	...	$194,038,045
Less estimated amount due military establishments for which no appropriations have been made	7,000,000	...	$9,500,000
Total	$178,303,928	...	$184,538,045
Debt, less cash in the Treasury, Oct. 1, 1877	$2,051,587,254	...	——
" " " Nov. 1, 1877	——	...	$2,047,350,700
Decrease of debt during the past month	$3 882,524	...	$4,236,554
Decrease of debt since June 30, 1877	8,570,968	...	12,807,522
Bonds issued to the Pacific Railway Companies, Interest Payable in Lawful Money.			
Principal outstanding	$64,623,512	...	$64,623,512
Interest accrued and not yet paid	969,352	...	1,292,470
Interest paid by the United States	35,957,629	...	35,957,629
Interest repaid by transportation of mails, &c.	8,750,652	...	8,756,413
Balance of interest paid by the U. S.	$27,206,977	...	$27,201,215

THE NATIONAL BANK NOTE CIRCULATION.

Statement of the Comptroller of the Currency, showing by States the amount of National bank circulation issued, the amount of Legal-Tender Notes deposited in the United States Treasury to retire National bank circulation, from June 20, 1874, to Nov. 1, 1877, and amount remaining on deposit at latter date.

States and Territories.	*Additional Circulation issued since June 20, 1874.*	Legal-Tender Notes Deposited to Retire National Bank Circulation, since June 20, 1874.			*Legal Tenders on deposit with the U. S. Treasurer at date.*
		For redemption of Notes of Liquidating Banks.	*To retire Circulation under Act of June 20, 1874.*	*Total Deposits.*	
Maine	$1,170,880	41,200	$600,000	$641,200	$99,349
New Hampshire	494,465	27,400	10,800	38,200	3,620
Vermont	994,970	134,807	458,340	593,147	35,150
Massachusetts	9,212,705	96,400	5,444,200	5,540,600	214,982
Rhode Island	295,500	——	617,385	617,385	——
Connecticut	1,154,010	65,350	1,249,490	1,314,840	35,208
New York	8,577,990	972,891	16,391,900	17,364,791	2,857,086
New Jersey	1,124,935	30,060	973,940	1,004,000	116,694
Pennsylvania	4,884,580	808,491	5,354,906	6,163,397	1,365,692
Delaware	84,175	——	——	——	——
Maryland	195,010	166,600	1,182,580	1,349,180	206,740
Dist. of Columbia	315,900	393,164	427,500	820,664	160,394
Virginia	408,100	706,864	778,915	1,485,779	218,932
West Virginia	44,370	731,060	204,300	935,360	168,257
North Carolina	353,660	——	809,185	809,185	206,180
South Carolina	27,700	——	953,380	953,380	125,450
Georgia	239,520	287,725	347,675	635,400	125,315
Florida	45,000	——	——	——	——
Alabama	108,000	——	94,500	94,500	79,163
Mississippi	——	——	——	——	1,421
Louisiana	122,130	635,750	2,099,250	2,735,000	714,849
Texas	116,100	——	229,340	229,340	20,663
Arkansas	90,000	——	90,000	90,000	1,665
Kentucky	2,327,140	575,867	1,198,633	1,774,500	595,208
Tennessee	313,200	235,901	488,959	724,860	139,358
Missouri	159,470	512,145	3,493,575	4,005,720	787,099
Ohio	1,211,380	1,222,356	2,138,625	3,360,981	1,269,506
Indiana	1,737,970	704,859	3,557,080	4,261,939	741,408
Illinois	1,056,445	930,474	5,949,526	6,880,000	1,353,764
Michigan	401,620	159,900	1,698,490	1,858,390	210,673
Wisconsin	161,900	364,999	741,400	1,106,399	204,087
Iowa	729,440	508,012	1,456 450	1,964,462	366,725
Minnesota	621,520	219,676	1,218,545	1,438,221	243,698
Kansas	30,600	558,571	189,900	748,471	240,567
Nebraska	27,000	45,000	188,080	233,080	107,670
Nevada	——	——	——	——	3,159
Colorado	283,500	82,783	149,400	232,183	47,361
Utah	——	161,191	196,800	357,991	42,068
Montana	——	——	45,000	45,000	2,210
Totals	$39,120,885	$11,379,496	$61,028,049		$13,111,371
Legal-tender notes deposited prior to June 20, 1874, and remaining at that date				3,813,675	
Total deposits				$76,221,220	

Jno. Jay Knox, *Comptroller of the Currency.*

NATIONAL BANK AND LEGAL-TENDER NOTES.

STATEMENT of the Comptroller of the Currency, showing the Issue and Retirement of NATIONAL BANK NOTES and LEGAL-TENDER NOTES under the acts of June 20, 1874, and January 14, 1875, to November 1, 1877.

NATIONAL BANK NOTES

Outstanding when act of June 20, 1874, was passed		$349,894,182
Issued from June 20, 1874, to January 14, 1875	$4,734,500	
Redeemed and retired between same dates	2,767,232	
Increase from June 20, 1874, to January 14, 1875		1,967,268
Outstanding January 14, 1875		351,861,450
Redeemed and retired from Jan. 14, 1875, to date	$60,342,617	
Surrendered between same dates	9,130,107	
Total redeemed and surrendered	69,472,724	
Issued between same dates	34,386,585	
Decrease from January 14, 1875, to date		35,086,339
Outstanding at date		$316,775,111
Greenbacks on deposit in the Treasury, June 20, 1874, to retire notes of insolvent and liquidating banks		$3,813,675
Greenbacks deposited from June 20, 1874, to date, to retire National bank notes		72,407,545
Total deposits		76,221,220
Circulation redeemed by Treasurer between same dates without reissue		63,109,849
Greenbacks on deposit at date		13,111,371
Greenbacks retired under act of January 14, 1875		$27,509,108
Greenbacks outstanding at date		354,490,892

JNO. JAY KNOX, *Comptroller of the Currency.*

THE NATIONAL BANKS.—The following table, from the Report of the Comptroller of the Currency, shows by geographical divisions the number and capital of the National banks which made no dividends during the last four periods of six months each. It should be substituted for one upon page 465.

Geographical Divisions.	*Six months ending Mar. 1, 1876.* No.	Capital.	*Six months ending Sept. 1, 1876.* No.	Capital.	*Six months ending Mar. 1, 1877.* No.	Capital.	*Six months ending Sept. 1, 1877.* No.	Capital.
New England States	26	$3,777,000	32	$7,700,000	25	$8,150,000	35	$9,085,000
Middle States	56	10,700,020	64	16,135,725	73	12,742,000	92	15,573,200
Southern States	29	4,135,000	34	4,399,000	27	3,720,000	30	4,236,000
Western States	113	14,778,300	129	13,873,000	106	14,090,000	118	10,737,000
Pacific States and Ter.	11	900,000	14	1,950,000	14	1,750,000	13	1,535,000
United States	235	$34,290,320	273	$44,057,725	245	$40,452,000	288	$41,166,200

NOTES ON THE MONEY MARKET.

NEW YORK, NOVEMBER 26, 1877.

Exchange on London at sixty days' sight, 4.81 *a* 4.81½ *in gold.*

Several important movements have been agitating the financial community, and the fact that they have produced so little disturbance adds another to the numerous proofs of the plethora of capital which is seeking employment and keeping down the rates of interest both here and abroad. The demand for currency to move the crops at the South and West has ceased to make itself visible here, as will be seen from the movement in the deposits and reserve of the banks at the great financial centres. The agitation connected with the passage of the Silver Bill by the House of Representatives has also had its share in disturbing financial confidence and discouraging the demand for Government bonds, as well as checking industrial enterprises in various parts of the country. The Clearing-House statements of the Western cities show that that section of the country is the first to feel the depression from this cause. If the people of the West will duly investigate the facts, they may, perhaps, arrive at the conclusion which is so general elsewhere, that a policy of inflation would hurt the West and South more than it would hurt any other part of the country. The temporary arrest of the promising activity which has been so gratifying of late will have its compensative advantages if it provokes reflection upon the real facts of the present and prospective situation. Another movement which has helped to agitate the money market is the active shipment of our products abroad. In England, as here, there has been considerable activity in the Clearing-House business at the financial centre. During the month of October the exchanges of the London Clearing House were thirty millions sterling in excess of last year. The aggregate in October, 1876, was £366,961,000 and in October, 1877, £396,620,000. The excess of transactions now has not been explained. It is probably due to the sale of foreign securities previously held in England and which are being actively exported to settle the foreign balances which are now more adverse to England than usual, in consequence of the increase of importation and the diminished exports. Finally, there is another circumstance worth noting in the money market in the upward turn of the greenback reserves. This is partly due to the reflux of unused currency from the West and South, where the movement of business is temporarily retarded. In part, however, it is supposed that the increase of greenbacks is due to the fact that several of the New

York banks, having large balances in New England, telegraphed their correspondents to remit greenbacks. Next week the full effect of this cause of accumulation will be more visible than it is at present, if, indeed, the facts are as rumor states them. For some months past the New England banks through their agents here have been buying paper in this market below the current rates, and it is said they have been doing so lately and were in debt to the New York banks at least $3,000,000 at the beginning of this week.

The rates for loans close with less firmness than last month. On call most of the business doing is at five per cent., with exceptions at four and six. Discounts are easier. Endorsed dry goods bills pass at five to five and a half; four months' acceptances at five, five and a half to six, and good single names, of four to six months, at six to seven. Grocery paper passes at five and a half to seven for two months, double name, and at six to seven and a half for four months. First-class single-name grocery paper passes at six and a half to seven and a half per cent.

The deposits of our New York Clearing House banks have been declining, as is usual at this time of the year, but they have suddenly taken an upward turn and are now almost a million in excess of their aggregate a month ago. The legal-tender aggregate is precisely what it was then, the gains and losses just balancing each other, and the whole movement being probably caused by the circumstances above referred to. Subjoined are the averages of the New York Clearing-House banks:

1877.	Loans.	Specie.	Legal Tenders.	Circulation.	Deposits.	Excess of Reserve.
Oct. 27	$236,287,400	$17,322,400	$39,235,100	$16,726,000	$193,848,700	$8,095,325
Nov. 3	236,216,600	15,935,900	39,531,900	17,156,800	192,364,900	7,376,575
" 10	235,968,300	18,764,500	38,503,400	17,720,200	193,557,300	8,878,575
" 17	236,308,300	19,456,800	39,382,900	17,844,900	196,501,500	9,714,325
" 24	235,329,800	19,767,800	39,949,300	18,100,500	196,234,900	10,658,375

The Clearing-House exhibit of the Boston banks for the past month is as below:

1877.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Oct. 27	$126,497,500	$2,459,600	$5,947,800	$69,192,900	$23,949,300
Nov. 3	127,388,100	2,601,400	6,226,800	72,101,700	24,157,000
" 10	129,127,700	2,927,300	6,180,600	74,027,600	24,286,800
" 17	129,508,300	2,868,500	6,074,800	72,574,400	24,431,500

The Philadelphia bank statements for the same time are as follows:

1877.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Oct. 27	$60,731,184	$1,357,001	$13,143,721	$48,442,057	$10,628,605
Nov. 3	60,221,636	1,432,897	13,274,543	47,645,097	10,623,795
" 10	59,943,506	1,489,492	13,677,990	47,901,443	10,657,276
" 17	59,649,038	1,472,532	13,629,674	48,267,785	10,676,728
" 24	59,150,819	1,410,424	13,637,169	47,813,907	10,713,565

The stock market has shown considerable weakness but closes with a better feeling. Government bonds are stronger, in consequence, partly, of the demand from dealers who had sold short in the expectation that the agitation of the silver bill would bring a large return of bonds from Europe. As this result did not follow, and as our Government bonds are firm in London, owing to the scarcity of the supply and to the check given to the refunding operations, there was more disposition to purchase in Wall street, and the improvement in the tone of the market appears likely to continue.

In railroad shares there has been some depression in consequence of the suspension of the Third National Bank of Chicago, capital 750,000 dollars, and of the Central National Bank of Chicago, whose capital is $200,000. The coal stocks are better, but there is very little disposition to buy. Erie is lower in consequence of reported trouble and renewed litigation. It has been reported that three-fourths of the bondholders had not given their assent to the plan of reconstruction, but the official figures show the following:

	Total issue.		*Total assents.*		*Date.*
First consolidated mortgage......	$16,656,000	..	$15,270,000	..	Nov. 19, 1877.
Second consolidated mortgage....	14,400,000	..	10,145,000	..	Aug. 17, 1877.
Gold consolidated bonds........	10,000,000	..	6,523,000	..	Aug. 17, 1877.
	$41,056,000	..	$31,938,000		

Since the dates mentioned further assents have been received from bondholders, which will considerably increase the total. The number of shares upon which assents were filed and assessments paid up to the 17th of August, was 372,475, or about one-half the whole, and this has since been materially increased.

Railroad bonds are firm under a good investment demand. State bonds have advanced and close firm, the improvement being partially due to the formation of a Syndicate who have organized under the laws of this State to fund defaulted State, County and Municipal bonds. The new Company is known as the Funding Association of the United States. Its articles of association were filed on the 23d instant in the County Clerk's Office. The capital stock of the Association is fixed at $10,000, divided into one hundred shares of $100. The official record shows that, at a meeting held November 7, all the shares were subscribed for, and that the following gentlemen were elected Directors: J. Pierpont Morgan, Charles Lanier, Louis Von Hoffman, Francis O. French, Hugh McCulloch, John W. Ellis, and William Martens. At a subsequent meeting the following officers were elected: President, Hugh McCulloch; Vice-President, J. Pierpont Morgan; Secretary, Francis O. French; Treasurer, Charles Lanier. The new Association will commence operations immediately, and will give its attention at first to the debts of those Southern States whose interest is now in default. Subjoined are our usual quotations:

QUOTATIONS:	*Oct. 26.*	*Nov. 2.*	*Nov. 9.*	*Nov. 16.*	*Nov. 23.*
Gold................	102⅜ ..	102⅝ ..	102¾ ..	102⅜ ..	102⅞
U. S. 5-20s, 1867 Coup.	108⅛ ..	108½ ..	108⅜ ..	108⅜ ..	108⅝
U. S. new 10-40s Coup.	108¼ ..	108¾ ..	108¼ ..	108⅜ ..	108½
West. Union Tel. Co..	81¾ ..	80⅜ ..	79⅞ ..	79⅜ ..	79¼
N. Y. C. & Hudson R.	106½ ..	107⅛ ..	106¾ ..	107⅛ ..	107½
Lake Shore...........	68⅞ ..	68¾ ..	67½ ..	68 ..	67½
Chicago & Rock Island	101¾ ..	101 ..	101 ..	100⅞ ..	101⅜
New Jersey Central...	16¾ ..	14 ..	11⅝ ..	13 ..	13½
Del. Lack. & West....	52 ..	50½ ..	46⅞ ..	48⅛ ..	50¼
Delaware & Hudson..	46½ ..	46¼ ..	43¼ ..	44¾ ..	47¼
North Western........	36½ ..	36 ..	34⅛ ..	36⅛ ..	37⅛
Pacific Mail..........	23⅝ ..	23½ ..	22½ ..	23 ..	23½
Erie.................	12¾ ..	12⅜ ..	9¾ ..	10⅜ ..	9¾
Call Loans...........	4 @ 6 ..	7 @ 3½ ..	4 @ 6 ..	4 @ 5 ..	5 @ 6
Discounts	6 @ 9 ..	6 @ 9 ..	6 @ 8 ..	6 @ 8 ..	5 @ 8
Bills on London........	4.81½-4.86 ..	4.81-4.85½ ..	4.81-4.84½ ..	4.81-4.84½ ..	4.81-4.85
Treasury balances, cur.	$40,766,267 ..	$40,421,845 ..	$39,478,060 ..	$40,107,583 ..	$40,892,687
Do. do. gold.	$101,196,246 ..	$105,746,341 ..	$101,630,719 ..	$97,187,463 ..	$100,020,995

In view of the passage of the silver bill by the House, it is interesting to know that our silver product this year promises to be more than twenty per cent. greater than that of last year. The *Alta California* gives the following statement of the receipts of treasure at San Francisco, per Wells, Fargo & Co.'s Express during the quarter ending September 30, 1877:

From	*Silver Bullion.*		*Gold dust and bars.*		*Coin.*		*Total.*
Interior	$11,492,798	..	$2,688,774	..	$3,977,079	..	$18,158,651
North Carolina Route.	——	..	416,422	..	193,077	..	609,499
South Carolina Route.	——	..	9,011	..	39,441	..	48,452
Mexico	295,671	..	29 009	..	470,638	..	795,318
Totals	$11,788,469	..	$3,143,216	..	$4,680,235	..	$19,611,920

The shipments of coin inland from San Francisco for the same period were $6,986,772, and overland, coin and bullion, were $9,319,220. Since January 1 the treasure receipts have been as follows:

	Silver Bullion.		*Gold dust and bars.*		*Coin.*		*Total.*
January	$2,976,245	..	$524,612	..	$1,608,364	..	$5,109,221
February	2,913.119	..	551,705	..	1,308,605	..	4,773,429
March	3,535,256	..	682,415	..	1,767,976	..	5,985,647
April	3,780,068	..	813,855	..	1,353,080	..	5,947,003
May	3,205,999	..	863,089	..	1,668,065	..	5,737,153
June	3,559,247	..	935,332	..	1,659,925	..	6,154,504
July	3,679,757	..	976,856	..	1,543,964	..	6,200,586
August	3,995,599	..	1,145,449	..	1,322,242	..	6,463,290
September	4,113,113	..	1,020,902	..	1,814,029	..	6,948,044
Total	$31,758,403	..	$7,514,224	..	$14,046,250	..	$53,318,877
1876	27,427,536	..	7,383,014	..	15,597,747	..	50,408,297
Increase	$4,330,867	..	$131,210	..	——	..	$2,910,580
Decrease	——	..	——	..	$1,151,497	..	——

The total exports of coin and bullion from San Francisco during the past nine months were $45,029,904.67, exclusive of shipments to the interior of the State.

The Treasury now holds $344,940,000 in bonds to secure bank circulation, and $14,420,000 to secure public deposits; National bank circulation outstanding: currency notes, $319,140,000; gold notes, $1,430,000.

DEATHS.

At CHICAGO, Ill., on Tuesday, November 13th, aged fifty-six years, WILLIAM F. COOLBAUGH, President of the Union National Bank of Chicago.

At MOUNT STERLING, Kentucky, on August 9th, aged fifty-two years, D. B. JONES, President of the Exchange Bank of Mount Sterling.

At WESTFIELD, Mass., on Thursday, October 4th, aged seventy-eight years, CUTLER LAFLIN, President of the First National Bank of Westfield.

At PARIS, Illinois, on Sunday, October 7th, 1877, aged thirty years, FREDERICK W. LEVINGS, Cashier of the Edgar County National Bank.

At FOND DU LAC, Wisconsin, on Friday, November 2d, aged seventy years, EDWARD PIER, President of the First National Bank and of the Savings Bank of Fond du Lac.

THE

BANKER'S MAGAZINE,

AND

Statistical Register.

Volume XII, Third Series. | JANUARY, 1878. | No. 7.

THE PRESIDENT'S MESSAGE AND OUR FINANCES.

We devote a large part of the present number to the reports of the Secretary of the Treasury and the Comptroller of the Currency. Those documents and the report of the Commissioner of Internal Revenue have, for several reasons, attracted special criticism both at home and abroad, as has also the financial portion of the President's Message, on which we will offer a few observations. There is no place for uncertainty or hesitation in the policy laid down by Mr. Hayes. The first point to which the message refers is the currency. The goal of resumption should, in all our legislation, he says, and in all our administrative measures, be kept in view. He warns the country that any wavering in purpose or unsteadiness in methods, so far from avoiding or reducing the inconvenience inseparable from the transition from an irredeemable to a redeemable paper currency, would bring disappointment, disturbance in values, industrial perturbation and financial disaster. Nor would the trouble be confined to the wealthy classes and to the capitalists. The President very justly shows that the mischiefs attending an unsound or retrograde policy on the resumption of specie payments "are confined to no class of the people, indeed, but seem to me most certainly to threaten the industrious masses, whether their occupations are of skilled or common labor. To them, it seems to me, it is of prime importance that their labor should be compensated in money which is in itself of a fixed, unchangeable value by being irrevocably

measured by the labor necessary to its production. This permanent quality of the money of the people is sought for and can only be gained by the resumption of specie payments. The rich, the speculative, the operating and the money dealing classes may not always feel the mischiefs of, or may find casual profits in, a variable currency, but the misfortunes of such a currency to those who are paid salaries or wages are inevitable and remediless."

After specie payments, the readjustment of our coinage is discussed in the Message. The President holds the opinion "that neither the interests of the Government nor the good of the people of the United States would be promoted by disparaging silver as one of the two precious metals which furnish the coinage of the world." Still, he thinks that in any legislation providing for a silver coinage, endowed with the quality of legal tender, the public debt should be protected and commercial utility should be established. These are the two conditions which should regulate our policy in regard to the silver coinage. In expounding the first, the President holds that apart from the sacred character of the public credit and the moral obligation of the Government to keep faith with its bondholders, there is an obvious advantage in the present crisis which makes it the highest interest as well as the duty of the nation to pay its bonds, principal and interest, in gold coin or its equivalent. He expounds these principles in the following argument: "The public debt of the United States to the amount of $729,000,000, bears interest at the rate of six per cent. and $708,000,000 at the rate of five per cent., and the only way in which the country can be relieved from the payment of these high rates of interest is by advantageously refunding the indebtedness. Whether the debt is ultimately paid in gold or in silver coin is of but little moment compared with the possible reduction of interest one-third by refunding it at such reduced rate. If the United States had the unquestioned right to pay its bonds in silver coin the little benefit from that process would be greatly overbalanced by the injurious effect of such payment. If made or proposed against the honest convictions of the public creditors all the bonds that have been issued since February 12, 1873, when gold became the only unlimited legal tender metallic currency of the country, are justly payable in gold coin or in coin of equal value During the time of these issues the only dollar that could be or was received by the Government in exchange for bonds was the gold dollar. To require the public creditors to take in repayment any dollar of less commercial value would be regarded by them as a repudiation of the full obligation assumed. The bonds issued prior to 1873 were issued at a time when the gold dollar was the only coin in circulation or contemplated by either the Government or the holders of

the bonds as the coin in which they were to be paid. It is far better to pay these bonds in that coin than to seem to take advantage of the unforeseen fall of silver bullion to pay in a new issue of silver coin thus made so much less valuable. The power of the United States to coin money and to regulate the value thereof ought never to be exercised for the purpose of enabling the Government to pay its obligations in a coin of less value than that contemplated by the parties when the bonds were issued. Any attempt to pay the National indebtedness in a coinage of less commercial value than the money of the world would involve a violation of the public faith and work irreparable injury to the public credit. It was the great merit of the act of March, 1869, in strengthening the public credit, that it removed all doubt as to the purpose of the United States to pay their bonded debt in coin. That act was accepted as a pledge of public faith. The Government has derived great benefit from it in the progress thus far made in refunding the public debt at low rates of interest. An adherence to the wise and just policy of an exact observance of the public faith will enable the Government rapidly to reduce the burden of interest on the National debt to an amount exceeding $20,000,000 per annum, and effect an aggregate saving to the United States of more than $300,000,000 before the bonds can be fully paid."

The second condition of sound legislation, that of mercantile utility, requires that the volume of currency should be ample. Sudden alternations in the amount of the monetary currency are mischievous, and tend to inflate credits, to disturb prices and to cause spasmodic movements productive of great injury to trade and industry. In view of these fundamental principles the President concludes his suggestions by stating that "In recommending that the regulation of any silver coinage which may be authorized by Congress, should observe these conditions of commercial value and limited legal tender, I am governed by the feeling that every possible increase should be given to the volume of metallic money which can be kept in circulation, and thereby every possible aid afforded to the people in the process of resuming specie payments. It is because of my conviction that a disregard of these conditions would frustrate the good results which are desired from the proposed coinage and embarrass with new elements of confusion and uncertainty the business of the country, that I urge upon your attention these considerations. I respectfully recommend to Congress that in any legislation providing for a silver coinage, and imparting to it the quality of legal tender, there be impressed on the measure a firm provision exempting the public debt heretofore issued and now outstanding, from payment, either of principal or interest, in any

coinage of less value than the present gold coinage of the country."

After a summary of the foreign relations of this country, the President notices the gratifying increase of our foreign trade and states that the Government has issued to its representatives abroad instructions to report as to the methods by which trade between the respective countries of their official residences and the United States can be most judiciously fostered. He then turns to the fiscal policy of the Treasury and presents suggestions for one of the most important changes in our tax system which has ever been made. The reform which the President advocates is to simplify our taxes and to make them fall on as few articles as possible. With regard to internal taxation, which is more mischievous than other taxation in its effects upon industry, he proposes to repeal all forms of internal taxation except that on whiskey, spirits, tobacco and beer.

It is gratifying to find that if this reform is carried out it will not only repeal some other injurious imposts, but it will remove the grievance of bank taxation, for the continuance of which there is really no reason whatever. Our bank taxes should have been taken off long ago when the other war taxes were repealed. The President's plan is explained in the Message as follows: "The revenues of the Government during the fiscal year ending June 30, 1877, were $269,000,586.62. The total expenditures for the same period were $238,660,008.93, leaving a surplus revenue of $30,340,577.69. This has substantially supplied the requirements of the sinking fund for that year. The estimated revenues of the current fiscal year are $265,500,000, and the estimated expenditures for the same period are $232,430,643.72. If these estimates prove to be correct, there will be a surplus revenue of $33,069,356.28, an amount nearly sufficient for the sinking fund for that year. The estimated revenues for the next fiscal year are $269,250,000. It appears from the report, that during the last fiscal year, the revenues of the Government, compared with the previous year, have largely decreased. This decrease, amounting to the sum of $18,481,452.54, was mainly in custom duties, caused partly by a large falling off of the amount of imported dutiable goods, and partly by the general fall of prices in the markets of production of such articles as pay *ad valorem* taxes. While this is felt injuriously in the diminution of the revenue, it has been accompanied with a very large increase of exportations. The total exports during the last fiscal year, including coin, has been $658.637,457, and the imports have been $492,097,540, leaving a balance of trade in favor of the United States, amounting to the sum of $166,539,917, the beneficial effects of which extend to all branches of business. The estimated revenue for the next

fiscal year will impose upon Congress the duty of strictly limiting appropriations, including the requisite sum for the maintenance of the sinking fund, within the aggregate estimate receipts. While the aggregate of taxes should not be increased, amendments might be made to revenue laws that would, without diminishing the revenue, relieve the people from unnecessary burdens. A tax on tea and coffee is shown by the experience, not only of our own country, but of other countries, to be easily collected, without loss by undervaluation or fraud, and largely borne in the country of production. A tax of ten cents a pound on tea, and two cents a pound on coffee, would produce a revenue exceeding $12,000,000, and thus enable Congress to repeal a multitude of annoying taxes yielding a revenue not exceeding that sum. The internal revenue system grew out of the necessities of the war, and most of the legislation imposing taxes upon domestic products under this system has been repealed. By the substitution of a tax on tea and coffee, all forms of internal taxation may be repealed, except that on whiskey, spirits, tobacco, and beer."

In concluding the financial part of his Message, the President recurs to the important questions of the public credit, and the refunding of the debt. He states that, notwithstanding the difficulties which have checked the operations of the Syndicate, the annual interest on the public debt has been reduced to the extent of nearly four millions of dollars. He recommends that suitable provision be made to enable the people to convert their savings into Government securities, as the best mode in which small savings may be well secured and yield a moderate interest. How far this last suggestion will receive the approval of Congress, remains to be seen. The fiscal portion of the Message has already borne fruit, and a sub-committee of the Committee of Ways and Means is preparing a bill which proposes to reform our tax system on the principles suggested by the President. Of this sub-committee, the Hon. Fernando Wood, the Chairman of the Committee of Ways and Means, is the leading member, and it is important for us to know that for some years he, and other members of the committee, have been elaborating the subject. In that part of the new tax bill devoted to the customs, much delay and many formidable obstacles will no doubt be encountered. But in the internal revenue portion of the bill the difficulties can be dealt with more expeditiously. The principle laid down by the President is both very sound and very simple. As few objects should be taxed as possible, and the pressure of fiscal burdens should be made as light as possible to the country. Much has already been done. It is hoped that the internal revenue bill will be reported first, and it can be followed by the tariff bill which is more voluminous, and will therefore require a longer period for completion in committee and discussion in Congress.

THE PANICS AND OUR RECUPERATIVE PROSPECTS.

A painstaking English economist, Mr. Robert Giffen, in the *Fortnightly Review* for October, has given a long essay on the panic of 1873. He begins by saying that the three chief features of the period of stagnation which followed that revulsion have been—the universality of the depression, the enormous amounts of capital previously sunk in the railroads and other works for the development of new or half-civilized countries, and the comparatively slight effect as yet produced upon wages in England. All these points are interesting, but none are fundamental. It is a fact that the depression has spread rapidly from one country to another, and that it has exerted an almost simultaneous general influence throughout Europe, and in this country known. The collapse at Vienna, in 1873, which was at once the herald of the era of depression that followed it, had for its cause a lock-up of capital in unprofitable enterprises, something like the absorption of capital which brought about the severer collapse in this country. So general was the real effect that it may, indeed, be said that France was almost the only country that did not suffer from it.

But what, it may be asked, is the natural deduction from this very wide extent of the stagnation? Is it likely to make the process of recovery more slow and difficult, as well as more uncertain? This question, Mr. Giffen does not attempt to answer; he contends that the reaction, when it does come, will be greatly assisted by those railways and other public works, in which a large proportion of the money expended has been sunk. This is a hopeful prospect if true. But in what sense and how far is it true? Mr. Giffen says that capital itself has been to a great extent "written off" by those who invested it, that they have taken their losses at their worst, and any advantage derived from the work actually done will be assisted by the general economy that the unbroken succession of losses has rendered necessary. But if the property of widows and orphans in one country has been sent to another country and lost, we fail to see how any economy on the part of the ruined losers can bring it back again. Undoubtedly the expenditure of capital for purposes of material improvements, in the years from 1867 to 1873, was altogether unprecedented. During those years the railroad mileage of the world was doubled, but it is important to remember that the majority of the new lines were built when they were not wanted, and where they cannot become remunerative for many years, if ever.

Mr. Giffen gives a long list of the loans floated in London from 1867–73, which shows the extent to which the English community risked its savings during that short error of general confidence. Excluding Turkey, Mr. Giffen puts down Egypt for £32,000,000; Chili, for £5,250,000; Peru, for £24,000,000; Brazil, for £10,000,000; Russia, for £77,000,000; Hungary, £22,000,000; he thus gets a total of £170,000,000, or 850 millions of dollars. If to this total are added the loans to the bankrupt foreign countries which formed the subject of the recent inquiry of the House of Commons committeee, it will be found that nearly £200,000,000, or 1000 millions of dollars were lent to the countries mentioned, in addition to the loans to Turkey, Australia, or India. Of course, the entire amounts of these figures were not subscribed or remitted to the borrowing countries, and a great deal was spent in England, in purchasing iron and various commodities, the profit on which might be so much saved for further investment; but most of the money has gone to "exploitation," and the market value of the securities created, certainly does not represent nearly their cost. The financial journals of Continental Europe are complaining that Holland, Germany, and, in a less degree, France, have suffered in the same way as England. The savings of those countries have been sunk to an immense amount in unremunerative enterprises or worthless investments, and there is at present not much to show for them and but little hope for the future.

There are other aspects of this loss which Mr. Giffen does not examine, though well worthy of attention. For example, the very rapid increase in the demand for English manufactures developed by this lending of one portion of British capital, led to the investment of another portion in the erection of mills, foundries, furnaces and other permanent works to supply this demand. The capital thus used, unless some fresh outlet can be found, will depreciate and will cause a still further loss in the future. This is a point which Mr. Giffen seems to have wholly ignored. To make it more clear, let us remember that the total exports of British produce in 1868 amounted to £179,678,000, and that in 1872 they had reached the enormous sum of £256,257,000. The increase in four years was forty-two per cent. This aggregate fell again in the year 1876 to £200,639,000, or only £21,000,000 in round figures above the total for the year 1868. Yet, in the meantime, the productive machinery, the manufacturing power of England, her mills, furnaces and factories had been largely augmented, and there is nothing to show that the fall in prices can account for more than a fraction of the difference. To the United States the exports of British manufactures are known to have fallen from £40,737,000 in 1873 to £16,824,000 in 1876; and as

against 975,000 tons of iron in 1872 England shipped only 160,000 tons in 1876. Until some other customers are found to take her goods, which are not wanted as formerly in the markets of the United States, the capital invested in the furnaces and rolling mills of Great Britain will be certainly exposed to loss. Precisely the same thing would occur if Indian cotton mills could undersell Manchester. The natives would buy the Indian cloth if it were cheaper, and, however much the Indian subjects of England might benefit, it would be difficult to show that the capitalists of Lancashire—or the operatives of the North of England—would be gainers, either directly or indirectly, by the diversion of £19,000,000 of trade. Not merely the "profit" would be lost, as Mr. Giffen urges, but the capital in the buildings would be depreciated, and the mechanics and workpeople would be thrown out of employment.

Mr. Giffen is, however, quite right in his statement that so far the industrial classes of England have suffered from the continued strain very little dimunition of their wages. "There has probably never been a great commercial crisis in England which caused so little suffering to the mass of the nation." Moreover, there has been no increase, but rather a decline in pauperism, contrary to the ordinary rule. The workmen get higher wages, do not migrate, and in some cases work shorter hours. Another point Mr. Giffen refers to is the appearance of foreign goods at a cheap price in the domestic markets of England; but such incidents, he says, invariably occur at times of panic and industrial depression, and, as an illustration that other countries suffer in the same way, it has been pointed out that the Italian newspapers have been recently grumbling that English manufacturers were underselling Italian makers in some of their specialties at a price that could not be remunerative. This general protection of the wages class of producers through the period of depression is attributed to the growth and value of the home trade of England to which might be added the marvellous growth of her direct and indirect colonial trade, which has tended in a remarkable degree to lessen the pressure upon the operative classes; but in spite of all this it may well be that the full stress of the trouble on the industrial population has not yet come. Both in the iron and the cotton industries many firms have worked on at a loss or very small profit, preferring to await the coming of better times rather than to disorganize their productive machinery or incur the risk of putting out their furnaces and closing their mills. In the United States and in England there is reason to doubt whether this process can be carried on much further, and the shortening of the hours of labor, which was conceded during the time of inflation, has diminished production and enlarged its cost. Under these

circumstances, it is not easy to see from Mr. Giffen's paper any good reason for believing that in England, in the United States, or in other countries, the body of the people who work for weekly wages can fail to suffer their full share of the prevailing depression in the decline of wages, and this decline may not be the more welcome or the less irritating because it has been long delayed. Mr. Giffen expresses the opinion that the depression has almost run its course and will probably be soon followed by a period of prosperity, but he does not attempt to support his conclusion by argument, contenting himself with the statement, that as such has been the usual sequence in the past we may fairly expect it to be repeated in the future.

ENGLISH AND AMERICAN BANKING COMPARED.

BY GEORGE WALKER.

The recent report of the Comptroller of the currency gives the situation of the National banks of the United States on the first day of October, 1877. In the *Economist* for October 20th, there is also given the semi-annual statement of the English Joint Stock banks (including the Bank of England and the Welch banks) for the half year ending June 30th, 1877. In order to institute a comparison between the American and English systems of banking we have somewhat condensed these statements, and present them as follows:

Statement showing the condition of the 2,080 National banks of the United States, October 1, 1877. (See annual report of the Comptroller of the currency, December 3, 1877, p. 5.)

LIABILITIES.

To Shareholders—		
Capital stock	$479,467,771	
Surplus fund	122,776,121	
Undivided profits	44,572,679	
Unpaid dividends	3,623,704	
		$650,440,275
To the Public—		
Circulation, including $481,738 State bank notes outstanding		292,355,974
Private deposits		616,403,987
Public " (Treasurer U. S. and Disbursing officers)		10,349,698
Due to other banks and bankers		161,606,393
Paper re-discounted		3,791,219
Bills payable		6,137,117
		$1,741,084,663

ASSETS.

Loans and discounts, including demand loans on U. S. bonds, and on other stocks and bonds.		$ 888,243,290
Over-drafts		3,677,303
United States Bonds—		
Deposited to secure circulation	$ 336,810,950	
" " public deposits	14,903,000	
On hand	30,088,700	
Premium on same	9,219,175	
		$ 391,021,825
Other stocks and bonds		34,435,995
Due from other banks and bankers, including reserve agents		129,917,141
Real estate, furniture and fixtures		45,229,983
Current expenses		6,915,792
Cash, viz.. checks, etc	$ 11,674,588	
Exchanges for Clearing Houses	74,525,216	
Bills of other National banks	15,531,467	
Fractional currency	900,806	
Specie	22,658,820	
Legal-tender notes	66,920,684	
" " " deposited with Treasurer as reserve on circulation	14,494,634	
U. S. certificates of deposits	33,410,000	
Due from Treasurer, U. S	1,527,119	241,643,334
		$ 1,741,084,663

Statement showing the average condition of the Joint Stock banks of England and Wales (including the Bank of England) for the half year ending June 30, 1877. (See supplement to the *Economist* of October 20, 1877), £=$5.

LIABILITIES.

To Shareholders—		
Capital stock paid up	$ 156,081,175	
Reserve fund and undivided profits	57,061,165	
		$ 213,142,340
To the Public—		
Circulation		140,542,920
Bills of exchange in circulation, acceptances, credits, drafts, etc		205,190,460
Deposit and current accounts		666,288,360
		$ 1,225,164,080

ASSETS.

Cash, including money at call, investments, Government stock, etc	564,154,685
Bills receivable and discounted, overdrawn accounts, loans, and other securities	640,877,345
Buildings, and sundries	20,132,050
	$ 1,225,164,080

The American reports are much more complete than the English, as the returns are required in this country to be made in a uniform manner and in great detail, as prescribed

by the Comptroller of the currency. In England, on the contrary, there is no uniform law, if there is any law whatever, requiring statements from any other banks than the Bank of England, and no pains is taken to make such voluntary exhibits as are published conform to any common plan. Banking in England is a mystery, and those connected with the business are jealous of any attempt to make it otherwise. One of the most distinguished of the practical bankers as well as financial authorities in London, to whom the writer had explained the system of bank examinations made by our public examiners under the National system, exclaimed: "What! do they let them examine the discounted paper? We should never submit to that in England!" The writer explained that no objection was ever made to such examinations in the United States, and that without looking at every piece of paper discounted, and every collateral to it, such examinations would be of no value, The same English financier has recently advised in the *Economist*, with regard to our banking system as follows: "The banks also may continue to make frequent returns of the amount of their reserves, and of the leading particulars of their liabilities and assets. But all official inspection should be given up, as in itself necessarily imperfect and fallacious, and as inducing the public to rely more on the Government, than on the exercise of their own vigilance and prudence." We fail to understand on what grounds corporations, monetary or for other purposes, can properly ask the aid of Government to give them being and credit, and to limit the liability of their constituent members, and in the same breath refuse to submit to that official supervision, which is the correlative duty which Governments owe to their subjects when thus creating artificial persons. Nor do we perceive how the public is to have any means of knowing the internal condition of banking corporations unless from published reports, the accuracy of which if not certified, is at least confirmed by the personal investigations of disinterested and competent officials. We do not say that the official examination of banks in this country prevents losses and failures, nor that it is not sometimes collusive and corrupt; but we do know, from a considerable practical experience, that it is generally honest and capable, and that it greatly reduces such losses and failures in frequency and degree of resulting injury. As evincing the salutary influence of a Board of Bank Commissioners required to make such personal examinations, and clothed with great power to prevent abuses, we recall an instance in which the Bank Commissioners of Massachusetts required the Directors of a bank, which had declared and published notice of a dividend, to annul the same under penalty of injunction, the Commissioners knowing by recent examinations that the bank was not in a condition properly to make

it. The order was promptly and willingly obeyed, and the bank soon restored to a sound position. In another case, a Boston bank of very large business and entirely solvent, was stopped by summary injunction, which the statute required the Supreme Court to issue on the *ex parte* information of the Commissioners, because it had ingeniously evaded the specie reserve law, and insisted on continuing to do so, the facts being such as could only have been ascertained by a personal examination of that and other banks, through the instrumentality of which the evasion was accomplished.

Returning to the two statements, from a consideration of which we have been led into this digression, we find the following interesting facts. The reader will remember that the statistics do not completely represent the banking of either England or the United States, as the private banks in England, many of which issue circulating notes, and the State banks in the United States, the circulation of which is practically withdrawn, are not included in them. But none the less do the institutions represented fairly illustrate the different way in which the business is conducted in the two countries.

In the first place it will be observed that the proportion of capital and surplus to the total amount of liabilities is only 17½ per cent. in England, while in the United States it is thirty-seven per cent., proving the justice of a remark once made to the writer by the late Mr. Bagehot, that in the United States we bank on our own capital, while in England they bank on capital borrowed from other people. Next it will be observed that the proportion of cash assets (including Government bonds) to liabilities, other than to shareholders, is larger in the United States than in England, being, according to the above statement, 57⅝ per cent. here to 55⅜ per cent. there. These figures, however, are far less favorable to the superiority of the American position than would appear if the two accounts were made up in the same way. In point of fact, "cash" in the English statement includes a good many items which are excluded from the American. Thus "money at call," and "investments," as well as "Government stocks, etc.," are treated as cash in England, but are, in this country, excluded from cash assets, though, for the purposes of this comparison, we have treated United States bonds as cash. What is meant by "investments" we do not know, unless it answers to the "other stocks and bonds" which figure for thirty-four and a half millions in the American statement. In the fourteen redemption cities alone, demand loans, which are "loans at call," amounted to $81,471,194, and there must be a considerable further amount included in the loans of the 1,845 so-called "country banks." If these eighty-one millions only are added to the cash and United States bonds, we have a total

of $714,135,354 of cash assets to $1,094,268,092 of liabilities to the public, or 65¼ per cent.; against $564,154,685 of cash to $1.012,021,740 of such liabilities, or 55⅞ per cent. in the English statement. The actual cash held by the banks of the United States, ($241,643,334), was twenty-two per cent. of liabilities to the public. It has always been asserted by English writers that the actual cash held by English banks is far below this percentage, but the veil which hides the real condition of all banks, but the Bank of England, from the public makes the precise figures matter for conjecture. In respect to surplus funds, which are one of the best tests of conservative banking, the English statement shows over thirty-six per cent. to capital, and the American nearly thirty-five per cent.

The weakness of all banks lies hidden in their loans, discounts and nondescript investments. No mere array of figures serves to give any information about this class of assets; but the larger the proportion of liabilities covered by cash and convertible assets, such as we have treated as cash in both statements, the smaller is the probability that the undescribed assets will prove inadequate to protect the public. It is, therefore, gratifying to find that the debt of the American banks to the public, uncovered by cash and immediately convertible assets, is only thirty-five per cent. of its whole amount, leaving only 380 millions of such debt covered by loans, discounts and tangible property, estimated at 1,026 millions, or 270 per cent. Thus it appears that the aggregated strength of the system is very great, for it is not conceivable that the business has been so badly conducted as to shrink nearly two-thirds of the amount represented by loans. The English statement, on the contrary, shows that forty-five per cent. of the debt to the public, or 448 millions of dollars, is left to depend on the goodness of loans, discounts and other assets than cash, amounting to only 661 millions, or 148 per cent. The greater strength of the American position lies in the fact that shareholders in this country furnish so much more of the capital used in the business. As the debts are a first lien, the capital stock is simply a guaranty fund.

The conclusion of the whole matter is that, judged by all practicable tests, American banking rests on more solid foundations than that of England. When it comes to the actual management of the capital invested and borrowed we are by no means ready to concede that the business is not conducted with as much prudence, and attended with as little loss here as there.

In the matter of profit, owing to the comparative smallness of the capital or the business done, England has signally the advantage. The American banks have, according to the Comptroller's report, divided 7.09 per cent. on their capital

and surplus during the last year; but as only 5.62 per cent. on capital has been *earned* during the year, a considerable portion of the dividends have been paid from surplus. In England the dividends have been much higher. Of the fifty banks included in the above statement ten paid from twenty to 26⅝ per cent.; seven from fifteen to 18¾ per cent.; fourteen from ten to fourteen per cent.; ten from seven to 9½ per cent.; four six per cent. and under, and four made no dividends.

RESUMPTION IN FRANCE AND THE UNITED STATES.

The time fixed for the resumption of specie payments in France has now arrived, and there is no doubt that if France succeeds in resuming without financial perturbation, her success will have a favorable influence here. On the other hand, if anything occurs of a sinister character it may injure the prospects of resumption here, even though the trouble should not be directly due to resumption at all, but to the Eastern war, the inflation of credits, or the acceptance of Egyptian bonds and other dubious investments by the Credit Foncier and various leading financial companies in Paris. In Mr. Garfield's speech on resumption in the House of Representatives, November 16th, he makes some instructive remarks on the analogy between the financial situation in France and in this country. Having shown the legal arguments and the moral reasons favorable to resumption, he discusses as follows the obstacles which will have to be encountered, and it is in this part of his address that he refers to the example of England and France. He says:

"What are the obstacles to resumption in accordance with the law we have passed? The first great obstacle stated by gentlemen who have argued the question is this: that we have not enough currency in the country for its business, and that some measure of contraction will be likely to attend the further execution of the provisions of the resumption law. Before I enter directly upon that objection, I desire to state a fact for the consideration of those who hear me. In that prosperous era of 1860, when there was free banking in most of the States, and the banks were pushing all the currency they could into circulation, without limit, there were just two hundred and seven millions of paper currency, and that was the largest volume that this country had ever known. Years ago, and again recently, I have gone through the reports, and made the most careful estimate of which I have been capable, and I beg to state that two hundred and seven mil-

lions is the amount for 1860. It is true that for a few months, just previous to the panic of 1857, the volume of paper money did reach two hundred and fifteen millions; but that was wholly exceptional. In no year of prosperity had the volume been so great as in 1860. Now, nobody estimates that the amount of coin in the country in 1860 was more than $250,000,000. The received estimate is two hundred millions. Add that sum to the two hundred and seven millions of paper circulation, and you have four hundred and seven millions of currency—paper, and silver and gold. How much have we to-day? This day, or rather on the first day of this month, we had seven hundred and twenty-seven millions of greenbacks, bank notes, fractional currency, and fractional silver; and, if you add the nine millions of copper and nickel money now outstanding, it makes a present volume of seven hundred and thirty-six millions of currency, counting no gold whatever, although the Pacific coast uses a large amount. Now, I put it to the judgment of this House, if, under free banking in 1860, four hundred and seven millions was the limit of possible currency that could be kept in circulation, how can it be said that almost twice that amount is needed and is hardly enough for the wants of 1877? Have the laws of value changed in seventeen years? Gentlemen who assert a dearth of currency at the present time, must point out the new elements in our fiscal affairs that require three hundred and twenty millions more money than was needed in 1860. No theory of currency that existed in 1860, can justify the volume now outstanding. Either our laws of trade, our laws of value, our laws of exchange, have been utterly reversed, or the currency of to-day is in excess of the legitimate wants of trade. But I admit freely, that no Congress is wise enough to determine how much currency the country needs. There never was a body of men wise enough to do that. The volume of currency needed depends upon laws that are higher than Congress, and higher than governments. One thing only legislation can do. It can determine the quality of the money of the country. The laws of trade alone can determine its quantity.

"In connection with this view, we are met by two historical references opposing resumption. The first is the reference to France. I gladly follow the allusion to France. France has always used more money than either the United States or England. I admit it. But the traditions and habits of France are as unlike those of England and the United States as those of any two nations of the world can be—in regard to the use of money? In France, banking, as an instrument of trade, is almost unknown. There are no banks in France except the Bank of France itself. The government has been trying for twenty years to establish branches in all the eighty-nine departments, and thus far only fifty-six branches

have been organized. Our National, State, and private banks number nearly ten thousand. The habits of the French people are not adapted to the use of banks as instruments of exchange. All the deposits in all the Savings bank of France are not equal to the deposits in the Savings banks of New York City alone. It is the frequent complaint of Americans who make purchases in Paris that the merchants will not accept drafts even on the Bank of France. Victor Bonnet, a recent French writer says: 'The use of deposits, bank accounts, and checks, is still in its infancy in this country. They are very little used even in the great cities, while in the rest of France they are completely unknown. It is, however, to be hoped that they will be more employed hereafter, and that here, as in England and the United States, payments will be more generally made through the medium of bankers, and by transfers in account current. If this should be the case, we shall economize both in the use of specie and of bank notes, for it is to be observed that the use of bank notes does not reach its fullest development except in countries where the keeping of bank accounts is unusual, as is evident by comparing France in this respect with England. M. Pinard, Manager of the Comptoir d'Escompte, testified before the Commission of Inquiry, that the greatest efforts that had been made by that institution to induce French merchants and shopkeepers to adopt English habits in respect to the use of checks and the keeping of bank accounts, but in vain; their prejudices were invincible. It was no use reasoning with them; they would not do it, because they would not.' So long as the business of their country is thus done hand to hand by the use of cash, they need a much greater volume of money in proportion to their business than England or the United States.

"How is it in England? Statistics which no man will gainsay, show that ninety-five per cent. of all the great mercantile transactions of England, are done by drafts, checks, and commercial bills, and only five per cent., by the actual use of cash. The great business of commerce and trade is done by drafts and bills. Money is now only the small change of commerce. And how is it in this country? We have adopted the habits of England, and not of France, in this regard. In 1871, when I was chairman of the Committee on Banking and Currency, I asked the Comptroller of the Currency to issue an order naming fifty-two banks which were to make an analysis of their receipts. I selected three groups: the first was the city banks; not, however, the clearing-house banks, but the great city banks not in the clearing-house associations. The second consisted of banks in cities of the size of Toledo and Dayton, in the State of Ohio. In the third group, if I may coin a word, I selected the 'countriest' banks, the smallest that could be found, at points away from railroads and telegraphs.

"The order was that those banks should analyze all their receipts for six consecutive days, putting into one list all that can be called cash either coin, greenbacks, bank-notes or coupons, and into the other list all drafts, checks, or commercial bills. What was the result? During those six days, $157,000,000 were received over the counters of the fifty-two banks; and of that amount, $19,370,000—twelve per cent. only in cash—and eighty-eight per cent. of that vast amount, representing every grade of business, was in checks, drafts, and commercial bills. Does a country that transacts its business in that way need as much currency afloat among the people as a country like France, without banks, without savings institutions, and whose people keep their money in hoards?

"Let us now consider the conduct of France during and since the German war. In July, 1870, the year before the war began, the Bank of France had outstanding $251,000,000 of paper circulation and held in its vaults $229,000,000 of coin. When the war broke out they were compelled immediately to issue more paper and to make it a legal-tender. They took pattern by us in their necessity, and issued paper until on the 19th of November, 1873, four years ago next Monday, they had $602,000,000 of paper issued by the Bank of France, while the coin in the bank was reduced to $146,000,000.

"But the moment their great war was over, they commenced to reduce their paper circulation; and in one year reduced it almost $100,000,000, and increased the coin reserve $120,000,000. In the year 1876, they had pushed into circulation $200,000,000 of coin, and retired nearly all their small notes. They are at this moment within fifty days of resumption of specie payments. It is worth while to notice the fact that France has not yielded to the paper-money doctrines which find so much favor here. One of her ablest financial writers, Victor Bonnet, writing in July, 1873, says: 'It is difficult to say to what point we can reduce the credit circulation; but, whatever point that may be, a paper currency will never be sound unless it is based on a very considerable reserve of specie, nor unless it is accompanied by a favorable state of the exchanges. The fact that we have lately had a paper circulation of 3,000,000,000 francs without depreciation, does not militate against this assertion. This result was accomplished by means of a large reserve of specie, and a favorable state of the foreign exchanges. It succeeded perfectly, and we may fairly assert that, financially speaking, it saved France. Nevertheless, we ran great risks. If trade had not revived immediately after the commune; if foreigners had not shown confidence in the future of France by subscribing to our loans; if we had been obliged to export a large amount of specie to pay the Prussian indemnity; in a

word, if the exchanges had continued very unfavorable to us, as they were for a brief period at the end of 1871, our paper money would very quickly have fallen in value, and its downward progress would have been rapid, much more rapid than the increase in its amount. Fortunately for us, the contrary of all this has happened; but let us not draw any false inferences for the future from this happy concurrence of circumstances. We may be sure that the principles which regulate a credit currency are precisely the same in 1874 as they were prior to 1870, and that a condition of legal tender and suspended specie payments, is always a misfortune. We submit to it when it is inevitable, but we should hasten to get out of it as soon as we have the means.'"

It is somewhat singular that the approach of specie payments in France has not provoked any of the popular agitation and opposition which has been so conspicuous in this country. Perhaps in some degree the exemption may have been caused by the fact that the political crisis in France has been so absorbing as to withdraw attention from abstract speculation about the principles of the currency. It should also be remembered that as in the United States we do not suffer more from the depression left by the panic of 1873, than other commercial nations suffer who have not been approaching specie payments, so France has suffered much less than any of them. But for the depression of business, which is due to other causes, and is general throughout the world, we should have had much less agitation against resumption in the United States.

The Bank of France holds at present 2,106 millions of francs in specie and bullion. Her note issues amount to 2,435 millions of francs. With $451,000,000 of coin and $487,000,000 of outstanding circulation, it is clear that that institution is abundantly able to meet its notes. Indeed, coin is paid over its counter to a considerable extent already. It is on this account in part that the specie of the Bank of France is now less than it was a year ago when the amount reported was 2,167 millions of francs. In December, 1875, the specie of the bank amounted to 1,607 millions; in 1874, to 1,297 millions, and in 1873, 732 millions. At the last-named date the notes of the banks amounted to 2,925 millions. It thus appears that, in France, as in the United States, the preparation for specie payments has consisted in the two-fold movement of accumulating coin and contracting the volume of the outstanding notes. The contraction in four years in France has amounted to 500 millions of francs, or $100,000,000; while the accumulation of coin has amounted to nearly 1,400 millions of francs, or $280,000,000. The course of events in the immediate future will be watched with much interest, not only in this country but in Italy and in other European countries where specie payments are at present suspended.

WHO AND WHAT IS A BANKER BY LAW.

This much disputed point has just been settled by the Supreme Court of the United States. The question arose out of an Internal Revenue demand upon the Equitable Trust Company of New Haven. The commissioner claimed that the Company ought to pay the taxes imposed upon bank capital because its business was essentially that of a bank. This was denied by the Company, and their position is sustained by the highest Court of Appeal in this country. The facts of the case are very simple. We find from a copy of the opinion of the Court, for which we are indebted to the Hon. John Jay Knox, Comptroller of the currency, that the Equitable Trust Company is a corporation created by the laws of the State of Connecticut, and its principal office or place of business is at New Haven, in that State. Its "only business has been and is the investing of its own capital in mortgage securities on real estate, and selling such mortgage securities with the Company's guaranty. It does not collect or receive, nor has it ever collected or received, any deposit of money subject to be paid, or remitted on draft, check, or order; nor does it receive deposits, issue notes, or make discounts of any description whatsoever, nor do any other business than above stated." In "investing said capital in mortgage securities on real estate as aforesaid, the manner adopted by the corporation has been and is as follows: To make loans thereof to individuals, taking from the borrower a bond, . . . and securing the payment of said bond by a mortgage deed of real estate, executed by the borrower in conformity with the laws of the State where such real estate is situated. To the negotiation, sale and guarantee of such bonds this Company is exclusively devoted, and it incurs no obligations except those arising from such guaranty." That such is the character of the Company, and that such is the nature of its business, is stipulated of record; and the only question presented by the case is, whether a corporation doing such a business is a "banker" within the meaning of section 3,407 of the *Revised Statutes* of the United States relative to Internal Revenue.

On these facts the Court declares that the Equitable Trust Company is clearly not a banker in the ordinary acceptation of the word. This conclusion is supported by the following elaborate argument. "Congress has defined who shall be regarded as bankers, for the purposes of taxation under the revenue laws. Section 3,407 of the *Revised Statutes*, p. 673, enacts that 'every incorporated or other bank, and every

person, firm, or company having a place of business where credits are opened by the deposit or collection of money or currency, subject to be paid, or remitted upon draft, check, or order, or where money is advanced or loaned on stocks, bonds, bullion, bills of exchange, or promissory notes, or where stocks, bonds, bullion, bills of exchange, or promissory notes are received for discount or for sale, shall be regarded as a bank or as a banker.'"

"The statute describes three classes of artificial and of natural persons, distinguished by the nature of the business transacted by them, and declares that individuals embraced in either of the classes shall be considered bankers. The first class is composed of those who have a place of business where credits are opened by the deposit or collection of money or currency, subject to be paid or remitted upon draft, check or order." It is not claimed the Company engaged in that branch of business, or that they are included in this first class. The agreed state of facts expressly repels any such claim.

"The second class are those who have a place of business where money is advanced or loaned on stocks, bonds, bullion, bills of exchange, or promissory notes." It is contended on behalf of the plaintiff in error, that the Company is included in this class because it advances or loans money on bonds. The case, however, states that all the loans the Company makes are investments of its own capital in mortgage securities on real estate. It is true the bonds of the borrowers are taken with the mortgages, but the bonds are mere evidence of the debt. The money is advanced or loaned on the security of the real estate mortgaged, and not on the security of the bond. We think Congress, in the clause of the act we are now considering, intended reference to transactions entirely different from loans or advances made on the personal promise or undertaking of the borrower. The words used are not technical. They are, therefore, to be understood in their common and popular sense. Dwarris on Statutes, 573. And that, in common understanding, an advance or loan of money on stocks, bonds, bullion, bills of exchange, or promissory notes is an advance or loan where those species of property are pledged as collaterals, or are hypothecated to secure the return of the advance or the payment of the sum lent, is unquestionably true. It can be nothing else where the money is advanced or lent on stocks or bullion; and, by the Statute, bonds, bills of exchange and promissory notes are placed in the same catalogue with stocks and bullion. All of them are alike the subjects on which the advance or loan is made. It is a fair presumption, therefore, that Congress regarded an advance or loan on bonds as similar in its character to an advance or loan on stocks, involving in each case an hypothecation of the

subject on which the advance is made. If not so—if it was intended to embrace loans generally, there was no necessity for introducing the qualifying words "on bonds, bills of exchange, or promissory notes." It was, however, not the lending, but the method or mode of operation, which was in view. If it was mere lending Congress had in contemplation, it is difficult to conceive of a reason why mortgages of real estate were not included with stocks, bonds, bullion, etc. But it is a well known common usage for banks to make advances or loans on the hypothecation or pledge of such property, though not upon the hypothecation or mortgage of real estate. There was a reason, therefore, for omitting real estate from the catalogue of things upon which the advances or loans contemplated might be made. Advances on that are not within the ordinary business of a banker. To us, therefore, it appears plain that it is the business of advancing or lending in the mode usual with bankers—that is, on collaterals or on the pledge of personal property—that, by the Statute is defined to be banking within the intention of Congress, and that lending upon mortgages of real estate is not intended.

"The third class described by the Statute comprises those who have a place of business where stocks, bonds, bullion, bills of exchange, or promissory notes are received for discount or for sale." The language is not "where stocks, bonds, etc., are sold," or "are held for sale." Surely Congress did not intend that corporations or persons who have a place of business where they sell their own stocks, bonds, bullion, bills, or notes should be regarded as bankers. If they did, a vast proportion of the corporations and of the merchants and manufacturers of the country would be included. But the language of the Statute is "where" such property is "received for discount or for sale." The use of the word "received" is significant. In no proper sense can it be understood that one receives his own stocks and bonds, or bills, or notes, for discount or for sale. He receives the bonds, bills, or notes belonging to him as evidences of debt, though he may sell them afterwards. Nobody would understand that to be banking business. But when a corporation or natural person receives from another person, for discount, bills of exchange or promissory notes belonging to that other, he is acting as a banker; and when a customer brings bonds, bullion, or stocks for sale, and they are received for the purpose for which they are brought, that is, to be sold, the case is presented which we think was contemplated by the Statute. In common understanding, he who receives goods for sale is one who receives them as an agent for a principal who is the owner. He is not one who buys and sells on his own account.

In conclusion the Court declares that "the Equitable Trust

Company lent its own money, taking bonds and mortgages therefor. Those bonds it sold with a guaranty. It sold only its own property, not that received from other owners for sale. Such a business, in our opinion, did not constitute the corporation a banker, as defined by the revenue laws."

There is no doubt as to the soundness of the decision above given. It is not only good in a legal and equitable point of view, but it favors a sound fiscal policy which demands that the movements of capital between lenders and borrowers should not be cramped by the mechanism of taxation. So far as it goes, this decision exempts certain operations of lending and borrowing from the interference of the tax collector. Congress, it is hoped, will soon carry the same principle to its legitimate end and will exempt from every species of Federal taxation all bank deposits and bank capital, so that the movements of capital between the lender and the borrower may not be impeded and checked as they are now to the great injury of the business of the country.

THE PROFIT OF REMONETIZATION.

The silver question has many phases. It presents an interesting scientific problem as to the practicability and usefulness of the alternative standard. It is presented to the public as a topic for popular discussion, in the aspect of an economical measure. By readopting the silver dollar we are to utilize the production of our own mines; we are to find in the world a larger stock of the material of money than if we used gold alone, and consequently are to have less difficulty in obtaining the needed supply. The number of those who make the advantages, real or supposed, of remonetization, to the Government or to the community at large, the leading motive, is comparatively small. Many more of the supporters of the silver dollar scheme occupy the position of supporters of it because they fancy, or have been convinced, that the restoration of the silver dollar will be a benefit to a class in the community which has their sympathy.

In a certain sense, not an offensive sense, this advocacy of the silver dollar scheme is selfish. That is to say, most of the persons who support it for other than strictly public reasons, believe that they, personally, will derive good from the measure. Perhaps, probably, this consideration alone would not overcome any decided objections they could see to the measure on other grounds; but they have been told, and have been made to believe, that it will also help all

who are in any sort of financial difficulty—debtors, who will be pinched if the supply of money at the time of resumption is limited; laborers, whose wages will be cut down; and poor people generally. Such advocates of remonetization are not only honest and sincere, but are impelled by a motive that is entitled to the highest respect. It is the purpose of this article to inquire whether the notion that remonetization will help debtors, the wage-earning classes, and the farmers of the West and South, be well or ill-founded.

The question might be considered from two points of view: first, that of the strict bi-metallist, who holds that a law remonetizing the silver dollar will make that coin of equal value with the gold dollar; and secondly, on the assumption that such a law would only establish a legal standard for the payment of debts, without adding materially to the value of silver for other purposes. If the first supposition be correct, however, the question is answered as soon as it is asked. If the silver dollar is to be no cheaper than the gold dollar, the latter can be obtained as easily as the former, and remonetization would confer no benefit upon either the debtor or the wage-laborer. In fact, there would be a loss to both from the adoption of the measure. If a scarcity of money tends to lower the prices of commodities, as no doubt it does, then the person who earns a dollar a day has a direct interest in wishing that the aggregate number of dollars in circulation shall be small rather than large.

Perhaps it will be said that remonetization will equalize the values of the two dollars by causing a depreciation of the gold coin, simultaneously with the appreciation of the silver coin. It is not intended here to discuss the reasonableness of such theories, but only to see to what they lead, assuming them to be true. This theory of a rise in silver and a fall in gold, places us at once on the basis of a dollar that is worth less than the gold dollar now is. What is the worth of a dollar? It is measured by what the dollar will buy. If, then, the gold dollar is to be of less value than it now possesses, we have only adopted another form of saying that there has been a general rise in prices. It is a matter of universal observation that labor is not among the purchasable commodities that feel early the effects of circumstances tending to raise prices; and this is putting the law of social economy in a very mild form. What, then, are the circumstances of the laborer when remonetization has cheapened the dollar, or in other words, raised prices? He earns little or no more than before; he pays more for what he needs to consume; and consequently his surplus is smaller. But it may be said the debtor will find his position improved, because the dollars he requires to pay his debt are not so costly. True, provided the debtor has on hand the funds wherewith to pay, but not otherwise. If he

has the money in hand, he can turn it into silver, which, according to this theory, will then become more valuable, and thus a part will do the work that at present would require the services of the whole. Is this the class of debtors for whose relief it is proposed to restore the standard silver dollar to the coinage? The debtor who has not the money, who has still to earn it, is in the position of the laborer whose wages are no higher, but who pays more for the cost of living. He gets ahead more slowly than before.

Possibly, however, he is not a day laborer, but a farmer, raising wheat in Minnesota. Let us see how remonetization affects him. It will be admitted that the value of his product is regulated generally, subject to temporary perturbations, by the price of wheat in Liverpool. That is, the value of every bushel of grain he has on hand is the value of the same amount in Liverpool, *minus* the cost of putting it there and *minus* also the profits of those through whose hands it passes, the remainder being converted into United States currency. Now the theory may be, either that remonetization will equalize the values of gold and silver, by leveling down and up all over the world, or that the equalizing effect will be altogether or chiefly limited to this country. In the one case there will be a higher quoted price of wheat in Liverpool; but all the deductions to be made before the farmer gets his share of the proceeds will be increased; and the augmented cost of living would swallow up the rest of the expected increase of profit, leaving the farmer no better off than he was. On the other hand, if remonetization is not greatly to cheapen gold, or greatly to enhance the value of silver, except in the United States, there will be no higher nominal price of wheat in Liverpool; the charges upon transferring the grain to market will be increased as before; the share which the farmer receives will be actually less than if the gold basis prevails, and it will be depreciated money at that.

Without discussing the truth of any of the theories that form the basis of the preceding examination, we sum up the result of our inquiries to this point. Granted that remonetizing the silver dollar would have the effect of equalizing the values of the two dollars, the act would confer no benefit upon any class in the community that needs relief; and that, too, whether the equalization proceeded from the *tour de force* of a Congressional Act which raised the silver dollar clean up to an equality with the gold dollar as it now is; or whether the approximation came from a mutual attraction of the two values.

The mono-metallists deny absolutely the power of law to keep the two dollars at par with each other, except within a very limited range. That there is an exception none can deny. Probably a silver dollar of American coinage would

even now command a premium in gold as a numismatic curiosity. But neither this exception nor any other could be carried far into the tens of millions without breaking down and becoming illustrations of the rule. At least such is the theory of the gold bullionist. Let us now examine the effects of remonetization on the basis of the assumption of the mono-metallists, namely, that a large coinage of silver dollars will result:

(1) In a permanent but fluctuating inferiority of those coins to gold dollars; (2) in the reduction of the value of the dollar in common use to the bullion value of 412½ grains of standard silver; and (3) in no appreciable effect upon the general purchasing power of gold. From this point of view there is nothing but evil in the proposition. All that has been said with reference to the consequence of making a standard between the present price of gold and the present price of silver, applies with full force here; and several other mischievous consequences are superadded. In the first place the standard would be not only lower but in a state of constant oscillation. We know well enough the evils of the variable yardstick in our present currency, The bad consequences fall largely upon the poor who cannot protect themselves. But while our currency is paper money of home manufacture we can at least regulate the amount of it. If we inflate it the act is our own. We can stop inflating and contract whenever the situation becomes perilous. To establish a silver standard and open the mints to free coinage puts it out of our own power to stop inflation. The "effete monarchies of Europe" can inflate our currency.

Moreover, the difference between the bullion value of gold and the bullion value of silver in all our foreign trade will accrue to the money changers, and not to the people. A cargo of wheat is sold in Liverpool at its gold value. The large dealers and the people who buy and sell exchange convert the proceeds into silver, and pay the farmer in the cheaper medium. For all our purchases abroad we must pay gold, or silver at its gold value. We thus place ourselves, and particularly the producer of the goods exported and the consumer of the goods imported, at the most extreme disadvantage. The two classes just named are precisely those which the silver party proposes to protect by a method that will ruin them.

If we now inquire by what process a coined dollar gets into circulation, we shall see that no matter what is the theory accepted in regard to the effect of remonetization upon the value of silver, the profit on the issue goes to the issuer, who shares with nobody, except under circumstances to be noted hereafter. Silver bullion, an avoirdupois ton of it, is sent to the mint, which turns out from it $30,000 odd

in silver dollars. Suppose the issuer is the Government. Then the dollars are paid out for salaries, or to mail contractors, or in satisfaction of any other claim against the National corporation. The claim is for so many dollars, and these silver coins are to be accepted as full payment. The first person who receives them from the issuer is forced to submit to a discount amounting to the difference between the real and the nominal or legal valuations of the coins, be that difference little or great. His only relief is in the permission which the Government gives him to force his own creditors to accept the same coins at the legal valuation. If there is no difference, then the Government makes no profit on the coinage, the person to whom it is paid neither gains nor loses, and it is neither easier nor harder for anybody in the community to earn a dollar. When there is a difference the Government makes a profit, but the public neither gains nor loses so long as the law making it a tender for the payment of debts is obeyed. If, from any cause whatever, the coin loses its fictitious value and drops to its value as bullion, then the holder of the coin at the time the catastrophe occurs bears a loss equal to the profit Government has made. It has been just as hard to earn the coin, up to this time, as if it were actually of full value. Obviously it must have been so, for otherwise we should meet with this contradiction,—that the dollars were of full value, and yet would not purchase so much of a given commodity, namely, labor, as that dollar whose bullion and legal value coincide.

The case is slightly, or not at all, changed, when the issuer of the dollar deriving its nominal value from its shape and the stamp upon it, is a private person—a producer of silver bullion or a dealer in the article. The Government might, by limiting the coinage, and by accepting in payment of taxes the small amount thrust into circulation, keep the silver dollars at par; and it would have an inducement to try to do so. The private owner of bullion has no motive beyond that which impels him to get all he can for his merchandise, and he is deterred by no fear of consequences to himself, from forcing a large amount of over-valued dollars upon the community. He will pay all his obligations with metal which has been raised by no effort or merit of his own—five, ten or even more per cent. in value. The sum remaining on hand is to be disposed of in some way. If he finds the public slow to absorb the dollars he sells them for what they will bring. A market price below par is thus established, and the standard money becomes of depreciated and fluctuating value. This is the case where the issuer shares the profit with others. The money which is used for the payment of debts becomes an article of trade with the brokers, who take the profit which western farmers are hopefully expecting from the restoration of silver to the currency.

To what does all this argument lead? To the conclusion that the value of gold or silver money does not depend upon the medal shape, or upon the words and figures it bears, or upon the country issuing it, or upon any law by which the issuing government fixes a legal valuation, but solely upon the amount and fineness of the bullion and the market price of the bullion. The only exception to this law is that a government can, and most governments do, supply a subsidiary coinage of less than full value, which passes current in small sums simply from necessity and convenience. But the moment such coins are in excess of the needs of the community for the purpose of small change, they must fall to a discount.

One thing is certain. The producing, the laboring, and the debtor classes can derive no advantage from the cheapening of money, since, even if they were to receive more for what they have to sell, whether wheat or muscular power, they must pay more for what they must buy. It would be a fine discovery if one could open to the world a way by which the sellers of commodities could receive higher prices without taking more from the purchasers. The remonetization of the silver dollar is not the first step on the royal road to wealth. If that dollar is to be a measure of value it will measure all values. It will measure them as accurately as gold will do it; but unless it is actually worth as much as a gold dollar in the bullion market, the two measures can never be the same.

EDWARD STANWOOD.

[We commend the foregoing article of our contributor for its fairness of statement and its freedom from the usual imputation of unworthy motives to those of different views. Two points are, however, open to comment. It may be questioned whether the value of wheat in this country is entirely fixed by the price offered in Liverpool as is intimated. There is also to be observed a curious parallelism in the prediction of results to follow free coinage of silver. What both sides predict may be accepted as true. The statement is that, with free coinage of silver, "a private owner of silver bullion has no motive beyond that which impels him to get all he can for his merchandize (silver bullion,) and he is deterred by no fear of consequences to himself from forcing a large amount of over-valued dollars upon the community." We think that this is a fair statement, which would be agreed to by each party as one of the first and most important results of free coinage of silver. Curiously we here find an agreement; but would this be an evil or a good result? Silver advocates say that our financial depression, our idle labor, our ills of all kinds, are mainly brought about by the unwillingness of holders of money, apprehending further depression in prices, to do exactly what it is here predicted that holders of silver will do after remonetization. The want of confidence on the part of capitalists is admitted to be the great *cause* of ills: if silver is remonetized and silver and paper are on a par, then, as both disputants predict, the result of free coinage of silver will be activity of money. Perhaps the reverse of the proposition would not be agreed to, but we have apparently one point of accord, and some of our doubtful readers may be helped from this to form an opinion upon this vital but complicated question of silver remonetization.—ED. B. M.]

BRAZIL AND ITS COMMERCE.

In the present depressed condition of trade and the feebleness of our mercantile marine, commercial enterprise, in search of new fields of activity or extended operations in the old, naturally turns to South America. Brazil, covering more than three-sevenths of that continent, bordering on all its other political divisions except Chili, and possessing a seaboard of 4,000 miles, offers the chief attraction. That it is worthy of much more attention than it has received from our manufacturers, merchants, and shipowners may be readily seen.

Stretching through thirty-nine degrees of latitude (from 5° 10′ N. to 33° 46′ S.) and the same extent of longitude (from 34° 47′ to 74° 7′ W. from Greenwich), it comprises a region of varied and exhaustless resources. In the North lies the valley of that highway of waters, the Amazon, with its mighty affluents; the South is drained by feeders of the Rio de la Plata; while the East is watered by streams flowing into the Atlantic between the Amazon and the Plata, of which the Parnahyba, São Francisco, and Parahyba do Sul attain the dignity of great rivers. Between these river systems lies a region of highlands and mountains, rich in minerals. The empire is chiefly in the torrid zone, though it extends ten degrees into the south temperate zone. With superabundant moisture and equatorial heat, the great Amazonian basin presents all the conditions of vegetable growth, and its limitless forests yield countless varieties of woods, gums, dyes, textile substances, etc., which, for the most part, have never been turned to account, but seem only to await Yankee ingenuity and Yankee energy to be made subservient to the uses of man, and tributary to commerce. The southernmost districts of the country, with a more temperate climate, produce the cereals, and afford pasturage for numerous herds of cattle; while the coast provinces send forth coffee, cotton, sugar, tobacco, and other staples. On an estimated area of 3,219,000 square miles (nearly 200,000 square miles greater than that of the United States, excluding Alaska), Brazil has, according to the final results of the census of 1872, 10,110,090 inhabitants, including 1,510,806 slaves, who, under the operation of the law of 1871, are diminishing in number. Though, as a whole, so sparsely peopled, the empire is not without important centres of population, having five cities of over 30,000 inhabitants, viz.: Rio de Janeiro, 228,744; Bahia, 129,109; Recife, or Pernambuco, 116,671; Belem, or Pará, 35,000; and Maranhão, 31,604. It may be added that, under

a wise ruler, Brazil has offered the unique spectacle, among South American countries, of stable government and comparative political repose. Is its commerce worth striving for? The following figures will indicate its importance:

Fiscal Years.		*Imports in Milreis.**		*Exports in Milreis.**
1870–71	......	144,750,896	......	166,949,293
1873–74	......	166,538,852	......	189,893,606
1874–75	......	167,549,181	......	208,494,257
1875–76	......	172,149,044	......	183,601,540

In the year first named, the most recent for which the details have been officially published (Rio de Janeiro, 1876,) 76,023,896 milreis of the imports, or 52½ per cent., came from Great Britain and possessions; 12,413,868 from France and possessions; 9,276,976 from Portugal and possessions, and only 7,636,623 milreis, or 5.27 per cent., from the United States. Of the exports for the same year, 58,687,685 milreis, or 35 per cent., went to Great Britain and possessions, and 53,423,102 milreis, or 32 per cent., to the United States. Our imports from and exports of domestic products to Brazil, according to the reports of the Bureau of Statistics, have been as follows:

Fiscal Years.		*Imports.*		*Domestic Exports.*
1870–71	......	$30,560,648	......	$5,945,397
1871–72	......	30,134,249	......	5,864,920
1872–73	......	38,558,028	......	7,093,187
1873–44	.....	43,911,315	......	7,562,852
1874–75	......	42,033,046	......	7,634,865
1875–76	......	45,453,173	......	7,253,216
1876–77	......	43,498,041	......	7,499,118

During the above period the imports from Brazil have been from 4.7 per cent. to 9.5 per cent. of our total imports, while the exports to Brazil have been but slightly above one per cent. of our total exports. The commerce of the United Kingdom with Brazil, according to official British reports, has been as follows:

Calendar Years.		*Imports from Brazil.*		*Exports to Brazil.*
1870	......	£6,127,448	......	£5,343,803
1871	......	6,693,426	......	6,536,945
1872	......	9,450,249	......	7,781,820
1873	......	7,399,974	......	7,876,595
1874	......	7,003,131	......	8,046,150

From these figures it may be seen that the total imports of Brazil were nearly nineteen per cent. greater in 1875–6 than in 1870–71; that the exports from the United States to Brazil were twenty-six per cent. greater in 1876–7 than in 1870–71, and that the exports from the United Kingdom to Brazil were forty-five per cent. greater in 1874 than in 1870. So that while the United States have gained slightly in comparison with the total imports of Brazil, they have lost considerably in comparison with the British share thereof. It

* The Milreis is worth somewhat over half a dollar, or more exactly, 54½ cents.

should also be observed that while there has been a steady increase in the total imports of Brazil and in the British exports thereto, our exports thither have remained nearly stationary since 1872–3. Comparing our total exports with our exports to Brazil, we find that the increase of the latter has been greater, though but slightly, than the increase (twenty per cent.) of the former. With respect to our imports from Brazil, they have increased more rapidly than those of Great Britain. Coffee forms some five-sixths of our imports from that country. Of 317,970,665 lbs. imported into the United States in 1874–5, valued at $50,591,488, 229,701,637 lbs., valued at $35,099,274, were brought from Brazil. Let us see what articles Brazil imports and what proportion is derived from the United States. Among the imports of 1870–71 were the following:

Articles.	*Value in Milreis.*		*From U. S., Milreis.*
Boots and shoes	1,978,979	...	2,877
Cod and other fish	1,714,703	...	74,929
Butter	2,115,414	...	13,316
Cheese	635,481	...	1,074
Lard	268,979	...	242,463
Flour	4,257,331	...	2,880,439
Tea	623,999	...	205,419
Tar and pitch	47,553	...	2,686
Gums, resins, balsams, etc	282,591	...	106,680
Petroleum, kerosene, etc	1,541,642	...	1,430,829
Spirits of turpentine	89.198	...	69,881
Perfumery	671,201	...	181,650
Pine lumber	284,470	...	133,742
Furniture	250,004	...	53.873
Straw hats	606,396	...	2,207
Lime, cement, etc	427,877	...	9,854
Coal	5,357,405	...	197,582
Earthenware	1,037,334	...	65
Glassware	407,966	...	24,215
Gold leaf, jewelry, etc	757,659	...	380
Iron and steel	981,427	...	522
Iron and steel rails	245,452	...	5,345
Other manufactures of iron and steel	2,818,367	...	60,617
Watches	369,740	...	1,800
Clocks	63,956	...	33,159
Railroad cars	76,504	...	45,542
Agricultural implements, machinery, etc	2,374,736	...	268,688
Other machinery and tools	1,758,062	...	319,437
Umbrellas	375,454	...	——
Matches, etc	296,316	...	19,377
Cotton, cotton fabrics, and clothing	41,858,359	...	409,112
Arms and ammunitions	1,179,580	...	9,008
Paper for printing, writing, walls, etc	1,376,426	...	84,828
Wool, woolen fabrics and clothing	10,337,409	...	978
Flax, linen fabrics and clothing	5,382,425	...	3,839
Silk, silk fabrics and clothing	2,853,607	...	10,802
Chemical products, pharmaceutical compounds and medicaments	345 419	...	33,739
Manufactures of copper and its alloys	825,463	...	26,528
Dyes, varnishes, &c	339,801	...	44,125
Snuff, cigars, &c	449,524	...	58,176
Harnesses, &c	124,093	...	790

From this incomplete list it will be seen that Brazil receives from us in considerable quantities but a few articles, while she has other needs, now wholly neglected by us, which we might supply. For instance, why should the Brazilians have to send to Great Britain and France for boots and shoes, butter and cheese, and to Great Britain for cotton cloths? That there has been little done since 1870–71 toward entering new fields may be seen from our exports for 1874–5. In that year the chief articles we sent to Brazil were: flour, worth $4,191,124; lard, $591,708; illuminating oil, $574,307; cotton cloth, chiefly colored, $430,066; lumber, $283,787; machinery, $268,279; drugs, chemicals and medicines, $127,110. The following are the principal articles exported from Brazil in 1873–4, with their value in milreis: coffee, 110,172,535; cotton, 23,631,522; sugar, 17,758,557; hides, 11,220,097; India rubber, 10,631,829; tobacco, 5,372,242; mate (Paraguay tea), 2,329,712; gold and diamonds (chiefly the latter), 2,000,003; farina (chiefly manioc), 1,898,524; rosewood, 1,424,080; horse-hair and wool, 797,934; cocoa, 758,200; rum, 472,924. The coasting trade of the Empire, being open to foreign flags, is also worthy of note. In 1873–4 the value of coastwise importations was 144,195,971 milreis; in 1874–5, 115,774,949; in 1875–6, 96,936,424. We thus find offered to American enterprise a country of vast extent, with a foreign commerce of some $200,000,000 and a coasting trade of more than $50,000,000, which sends abroad raw products and is dependent upon foreign sources for all sorts of manufactured goods, besides other important articles. Our existing commerce with this country exceeds the not inconsiderable sum of $50,000,000, chiefly articles which we receive thence, while we permit other nations, notably Great Britain, to supply Brazilian demands which might be met by our factories, dairies and farms. The present moment, when capital is seeking wise investments, when our manufacturers in some branches are underselling the English in their own markets, when public attention, both in Brazil and in the United States, has been attracted by the recent visit of the Emperor, and the Philadelphia Exhibition, to the importance of closer relations between the two countries, would seem to be peculiarly auspicious to an effort to draw to ourselves some portion of the trade with that Empire which now flows in other channels. It rests with our steamship owners, merchants, manufacturers and capitalists to say whether the opportunity shall be seized or suffered to escape.

J. W. Hawes.

POLITICAL ECONOMY;

ITS MEANING, METHOD, LIMIT, AND NATURE, AND THE APPLICATION OF ITS PRINCIPLES.*

BY ALBERT SIDNEY BOLLES.

A comparison of definitions with the things defined will show that absolute precision is rarely attained except in defining material objects. Things pertaining to the immaterial world, though having unquestioned existence, are not often defined in such a way as to satisfy every mind. Thus, there is such a thing as consciousness, nothing is more real, yet the definitions proposed are very numerous and conflicting. There is such a science as political economy, but what are its limits is an open question, even among the most critical economic writers.

It will be admitted, however, that definitions, though imperfect, are necessary to mental progress. As the farmer must fence or mark his land to indicate where it is, so words and departments of knowledge must be defined and bounded to give them any significance. Hence, a definition must be given to political economy; otherwise, before traveling far, we would be lost as completely as a ship in mid-ocean upon a starless night without compass or other guide to point the way.

The definition to which economic writers have yielded a more general assent than to any other was framed by the physiocrates, adopted by Condillac in his *La Commerce et le Gouvernment*, and afterward transplanted into English soil by Archbishop Whately; it is "the science of exchanges." The precision of this definition is unquestioned, because exchanges are clearly marked off from other actions of men. But, if political economy adhered strictly to this definition, concerning itself only with exchanges, several topics of great importance, which hitherto have been almost universally regarded as belonging to the domain of economic science, would be forever excluded. The vast importance of taxation no one will question; but, according to this definition, it has no foothold in political economy. Indeed, some writers who do not hesitate to accept the foregoing definition, among whom is Macleod, perceive so intimate an alliance between political economy and several subjects, such as taxation, poor-laws, colonization and population, that he has discussed them in his economic writings. Likewise Prof. Perry, while declaring this definition "to be exactly right," does not hesitate to

* An Introductory Lecture, before the Senior Class of Boston University, January, 1878.

treat of taxation, land, and production in his *Elements of Political Economy*. In fine, many of its acceptors have quietly smuggled into their writings most of the economic subjects excluded by the definition, just as Prof. Perry and Macleod have done.

Now, if the boundary set by this definition is not to be exceeded, what shall be done with all those subjects which hitherto have been universally conceded as belonging to economic science? Shall taxation be relegated to works on Government, and production be left out in the cold? And what concerning the important subject of the profitable and unprofitable consumption of wealth? Are all these matters to be ignored, or buried; or a new department of study to be created for their preservation and development? Rather, a more comprehensive definition must be employed, one covering the entire economic field.

The physiocrates proposed another definition, more comprehensive, yet less precise than the one mentioned, namely, the production, distribution, and consumption of wealth. Adam Smith never defined the expression, but discussed the subject under the title, *The Wealth of Nations*. Rogers, in a foot-note to his edition of Smith, suggests the following definition: "The science of those forces which set labor in motion, in so far as that labor is employed on objects which thereby acquire a value in exchange." Senior has defined it "as the science which states the laws regulating the production and distribution of wealth." McCulloch's definition is longer, if not more comprehensive. "The science of the laws which regulate the production, accumulation, distribution, and consumption of those articles and products that are necessary, useful, or agreeable to man." It will be noticed that McCulloch differs from Senior chiefly in the use of a periphrasis for the term wealth. Mill, in his *Principles of Political Economy*, has said that "writers on political economy profess to teach, or to investigate, the nature of wealth, and the laws of its production and distribution; including, directly or remotely, the operation of all the causes by which the condition of mankind, or of any society of human beings, in respect to this universal object of desire, is made prosperous or the reverse." Walker declares that "political economy is the science of wealth, and professes to teach the laws by which the production and consumption of wealth are governed." Only two more definitions will be given: the first, by a thoughtful writer, Simon Newcomb, who defines political economy as "the study of the mode of operation of those causes which affect the production, distribution, and consumption of wealth, in so far as they act through human volition." The other definition is by Cairnes, who defines political economy to be the "science which, accepting as ultimate facts the principles of human nature, and the physi-

cal laws of the external world, as well as the conditions, political and social, of the several communities of men, investigates the laws of the production and distribution of wealth, which result from their combined operation; or thus:—as the science which traces the phenomena of the production and distribution of wealth up to their causes, in the principles of human nature and the laws and events, physical, political, and social of the external world."

Two distinctions may be observed between these definitions and the first, worthy of notice. The first distinction is, while the central idea of the first definition is value, exchange, action; the central idea of the other definitions is wealth. According to the former definition, political economy is concerned primarily about human action; according to the latter, with objects, their production, exchange, and consumption.

Of greater consequence, however, is another distinction, the comprehensive character of all the definitions above mentioned in comparison with the first. This is included in the other definitions; but these also include much more. The consumption and production of wealth find a secure footing in political economy according to them; but not according to the definition mentioned in the beginning.

If we were to select from the definitions thus given the one which, in our judgment, approximates nearest to the truth, we should say that political economy is concerned with the facts and principles which relate to the production, exchange, and consumption of wealth.

In explanation of this definition, it may be said, political economy deals with facts as distinguished from speculations and theories. It is true that speculations and theories are not entirely foreign to the study; but the primary business of political economy is to ascertain the facts relating to the production, exchange, and consumption of wealth. As for the principles of economic science, they are derived from a study of the facts, and are nothing more than a name for certain classes or series of facts of a uniform character. The terms production, exchange, and consumption, are employed according to their popular use, so that nothing further need be said about them. The last word in the above definition, wealth, has caused more dispute than any other, and Prof. Perry declares it to be "the bane of political economy." Yet, if the term value possesses a precise signification, as Prof. Perry asserts, and wealth be defined as anything forming the subject of value, we do not see why just as precise a signification does not attach to wealth as to value; nor why it may not be as effectively employed.

This definition, it is true, is not clearly cut; but a worse difficulty inheres in the expression, political economy. This expression was almost unknown before the physiocrates

appeared, who employed it as the name for an abstract science which comprehended the natural rights of man in all his social relations. Since their day, the range of the phrase has been narrowed; yet, even now, it conveys such an inadequate notion of the science that several writers, among whom may be mentioned Hearne, Syme, and Macleod, have substituted other expressions therefor. The word economy is not objectionable perhaps, for it was used by Aristotle and Xenophon, to denote the judicious management of one's property; and in our time, has come to mean frugality or parsimony. But the employment of the adjunct, political, in this connection is not felicitous. Its use is too general, excluding the consideration of private economy, and even the economy of any particular State or nation. Now the science itself relates more to the individual production, exchange, and consumption of wealth, than to that of a particular State, or of the world. If the term political, when employed as a qualifying word to economy, had reference to the world, its use would conform more strictly to its signification; while if the economy of a particular State were the subject of consideration, the expression could be further modified by adding the name of the State; on the other hand, if individual economy were simply considered, only the qualifying terms individual or private might be used.

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This is why business men do not take more kindly to economic writings, because many of the assumptions and deductions of political economy are found to be erroneous. They do not harmonize with the teachings of experience. Economic phenomena are not to be accounted for and explained half so easily as most economists imagine. Accordingly, they are often accused by business men, and not unjustly, of speculating and theorizing too much; and of knowing too little about the facts pertaining to the subjects they profess to have mastered. Instead of searching diligently for facts, not infrequently, they accept the imperfect labors of others, and build thereon in such a way as to cause business men, who possess a better knowledge of the truth, to smile at the weakness of the superstructure. They are like the philosophers, of whom Bacon has said, "they make imaginary laws for imaginary commonwealths," and whose "discourses are as the stars which give little light because they are so high." Rogers, in his preface to Adam Smith's *Wealth of Nations*, says, "that half, and more than half, of the fallacies, into which persons who have handled this subject have fallen, are the direct outcome of purely abstract speculation." It is so much easier to dream and speculate than to burrow amid facts that the innate laziness of mankind has exhibited itself even among economists. Yet as gold can be procured

only by toilsome mining, so the gold of economic truth is hid among great masses of facts which must be dug over to find it. By neglecting to do this, by speculating and theorizing, when a patient gathering and mastery of facts were necessary, economists have sometimes turned out to be only quacks imposing upon the public. Unluckily, instead of injuring only themselves by their work, they have done much to bring the science of political economy into disrepute.

But, if business men have reason to find fault with some of the teachings of political economists, it is a graver fault to suppose the facts and principles of economic science can be mastered only by those who travel in the walks of business. A knowledge of a particular business is not necessarily limited to those engaged therein; it may be acquired by outsiders. It is true, there may be practices, frauds, deceptions, which are kept carefully concealed; but all the prime facts concerning the production, exchange, and consumption of wealth in any particular manner, may be acquired without spending a life-time in the task. Is it not quite absurd to maintain that the process involved in a business must be learned by applying it, and cannot be acquired in any other way? A complete answer, however, to this supposition of business men is found in the works of some economists who have investigated certain subjects. Thus, fifty years ago, Thomas Tooke made an inquiry concerning the effect of money on prices, and his great work on the *History of Prices* is a monument of patient and profitable toil. No one will deny the great difficulty of the subject which Tooke investigated, or question the success of his efforts. The investigation of the British Parliament into the causes of the suspension of specie payments by the Bank of England, and what was needed to bring about the restoration of them, is another illustration. The celebrated *Bullion Report* sets forth principles relating to money, the truth of which has not been questioned to this day. In 1867, Rogers published his work upon *Agricultural Prices and Wages in England during the Twelfth and Thirteenth Centuries*, a work of vast and critical labor, and which gave a new rendering to the social and economic history of England for the two centuries covered by it, "enabling us to see in detail" says Newmarch, "how far-reaching and potent were wages, prices, and pestilences in modifying from top to bottom the coherence of the English polity, and the power of our sovereign lord, the King, under the early Plantagenets."

Of those in this country who have been the most diligent in collecting economic facts, David A. Wells holds a prominent place. Though his reports to the Government, during the period in which he held the office of Special Commissioner of Internal Revenue, are infected with error, and lack the critical sifting necessary to endow them with the highest

value, they are, nevertheless, mines of important information. While there are perhaps no formal treatises in this country containing a very large stock of original economic facts, many an admirable monograph has been produced by economic writers, challenging the attention of thoughtful men.

Thus we believe the supposition, that only business men know anything about the facts and principles of political economy, is completely disproved. The supposition of business men contains this truth and no more, that they often know more about the facts relating to their business than outsiders, and hence are capable of forming better conclusions concerning it. On the other hand, political economists possess this advantage, their vision is not mystified by pecuniary interest. Their judgments are unclouded by prejudice; undisturbed by thoughts of gain or loss. It is unnecessary to say anything concerning the unconscious warping of opinions and beliefs by interest and desire; the fact lies within every one's experience.

Comte has brought a charge against political economy going to the foundation of the science, namely, that the facts should be studied *ensemble*, or together, while historical economists repeat the charge to this extent, that they accuse the deductive economists, Smith, Ricardo, Mill, Cairnes, and their predecessors, of treating man only as a selfish being in respect to the production, exchange, and consumption of wealth. In other words, the conduct of man is studied too narrowly by deductive economists.

That they do thus isolate man is evident from the following passage in Mill's *Logic*, which is a fair reflection of the opinion of the writers just mentioned: "Political economy is concerned with man solely as a being who desires to possess wealth. It makes entire abstraction of every other human passion or motive; except those which may be regarded as perpetually antagonizing principles to the desire of wealth, namely aversion to labor, and desire of present enjoyment of earthly indulgences. These it takes to a certain extent into its calculations because they do not merely, like other desires, occasionally conflict with the pursuit of wealth, but accompany it always as a drag or impediment, and are therefore inseparably mixed up in the consideration of it."

As Mill's statement on this point is a very bold one, and often quoted, it is only fair to state his reasons for proceeding in this manner. He declares that no economist has ever been so irrational as to suppose that men are thus constituted, but that this is the only manner in which science can proceed. He regards such a method as imperfect, but necessary. And is not this a satisfactory answer? Let the inductionist go on forever widening his circle of facts, must he not stop somewhere short of encirling all? It is

impossible for any mind to do otherwise. Toil never so patiently, and go never so far, more facts are left ungathered which would throw light upon the most common problem. The real division among economists on this question is, where shall the circle be drawn? How large a field shall be surveyed? And not whether man shall be isolated or not; for any induction, however comprehensive, fails to embrace every fact.

We believe it to be true that deductionists have fallen into many errors in consequence of taking a too circumscribed view of the conduct of men in respect to the acquisition of wealth. What Syme, Leslie, Comte, Roscher, Hildebrand, Knies, and Marx, have said in this regard is worthy of general indorsement. Will Syme's assertion be questioned, that in sociology we do not proceed by separating the social from the anti-social or self-regarding forces? Or that the moralist does not ignore either the self-regarding or the social tendencies of man's nature when he treats of the ethical sentiment? On the contrary, as Syme says, the moralist fully recognizes both. While it is unquestionably true that men act from motives of self-interest, it is a grievous error to make this always the leading or controlling motive concerning wealth. Man is impelled by a great variety of motives, as we have shown on a previous page. This enthroning of self-interest as the guiding star of humanity is contrary to the facts in a vast number of cases. Men are incited by sympathy, by honesty, by other sentiments and principles. It is a mistake to suppose that thousands of business men are incited, less by a desire to do right, than to acquire gain. With them the idea of doing right is central and controlling. The isolation of all motives, except the motive of self-interest, is altogether too narrow a conception, giving rise to many imperfect deductions, of which the world would have heard nothing had men been looked at with full open vision.

It may be that it was necessary to draw this narrow boundary in the beginning. Perhaps if an attempt had been made to go further the inquirer would have been puzzled and lost amid the vast complexity of facts enveloping him. The mind is too limited in its capacities to hold and classify all the complicated facts pertaining to the subject. We believe that political economy proceeded in the only manner possible in drawing a narrow line around man in the outset, and in looking at him exclusively as a selfish being, but as firmly do we believe the time has come when a wider induction is possible; and necessary also, if economic conclusions are to square with the truth.

Yet there must be a limit to economic inductions even now. One cannot move at random over the vast fields of economic research without getting lost. Rumelin puts the idea well when he says, as a consequence of going off into

new paths of inquiry, that a writer "may be attractive, original, full of wit, but his system ceases to be solidly built, it gets into disorder, and falls to pieces." What limit, then, shall be set to investigation? Obviously, that induction should not go beyond the mastery of facts and the drawing of correct conclusions from them. This is the proper limit to set to economic inquiries, and the only one to be observed.

If there seems to be a want of harmony among economic writers concerning the question of method, it is delightful to find an agreement of opinion as to the scientific character of political economy. But what do we understand by the term science? Professor Perry says, "it is a body of exact definitions and sound principles educed from and applied to a single class of facts or phenomena." Tested by this definition, political economy is to be regarded as a science, just as clearly as astronomy or geology. Its principles may not be as clearly settled, but the method of ascertaining them is the same, and they rest on a foundation of facts which have just as real an existence as the stars and rocks.

This point conceded, there are several thoughts springing from such a conception of the study worthy of notice. In the first place, it is not a remedial study. It does not propose reforms in the existing order of things. We admit, this was not Bastiat's idea of political economy, for he coupled the idea of what the science is, with his idea of what it ought to be. But these two ideas are entirely distinct, and so long as political economy is not held to be purely a moral science, only confusion comes from this union of two very dissimilar conceptions. Its object is simply to find out things, not to change them. This is no part of its aim, and the idea cannot be kept too clearly in sight.

In the second place, political economy, thus conceived, as Cairnes has vigorously remarked, "stands apart from all particular systems of social or industrial existence, and is moreover absolutely neutral as between all. Not of course that the knowledge which it gives may not be employed to recommend some and to discredit others. This is inevitable, and is only the proper and legitimate use of economic knowledge. But this notwithstanding, the science is neutral, as between social schemes, in this important sense. It tells us what their effects will be as regards a specific class of facts, thus contributing *data* towards the formation of a sound opinion respecting them. But here its function ends." Its purpose is to furnish all the light necessary to solve questions, but attempts no solution of them. For example, political economy neither condemns free trade nor protection; it shows the effects of the two systems, the advantages and disadvantages of each. It is an erroneous idea to suppose that it defends or upholds any system, or takes sides upon any

question. This is not its legitimate business. Its business is merely to search after facts, to classify them, and to interpret their meaning. It is neither the friend nor foe of any system or question in the world. It does not occupy the position of a judge even, but rather the humbler office of counsel on both sides of a case in collecting and presenting the evidence bearing upon it.

In the third place, as political economy occupies a strictly neutral position, there is no reason why any one should be opposed to it. Yet a great many are, and for the reason that they suppose political economy is opposed to them. If this be so, it is only in an incidental way; it never passes any formal condemnation upon their conduct. But, if the effect of lighting up a particular question or action, which is the only office performed by political economy, is to draw hostility toward the science, of course, it must suffer. As for taking sides, enlisting in questions, and making war, this is no function of political economy, and whoever carries the science so far, carries it beyond its proper field, and exposes it justly to the attacks of mankind.

Political economy is not an exact science, like mathematics, because economic phenomena are forever varying. The facts and laws of geology change, so do those of every natural science. These changes are due to two reasons: first, because the subject matter of the science is undergoing change; and secondly, because from a more accurate investigation of facts, errors are exposed and corrections become necessary. And it is just as true as of political economy as of every other science, either religious, moral, or physical, that it has had a development which must continue as long as the race is concerned about wealth. Is not Prof. Knies correct in saying that "the general laws of political economy are only a progressive manifestation of the truth; that the science cannot be considered as completed at any epoch, and that an absolute theory, if it gains acceptance at a given time, is only a child of the time, and marks a stage in the historic development of political economy?" Its principles are not founded upon permanent conditions of human nature, but upon the conduct of men concerning wealth, which is ever varying. In moral science an enduring structure is reared upon the foundation of right; political economy, however, can find no such basis. As its sole aim is to discover what men do concerning wealth, and as their conduct in regard to it is perpetually changing, how is it possible for political economy ever to discover highways along which mankind will always travel? The economist can do no more than find out the facts and principles which have guided men in the past, or which are controlling them to-day, and perhaps anticipate a little as to what they will do in the future; but he can go no further.

This conception of the science does not meet with universal acceptance. English writers, especially, have put political economy forward, says Bagehot, "not as a theory of the principal causes affecting wealth in certain societies, but as a theory of the principal, sometimes even of all, the causes affecting wealth in every society. This," he correctly adds, "has occasioned many and strong doubts about it." A few economic conceptions might be mentioned which are stamped with permanence and universality. For example, money performs everywhere a two-fold function as a measure of value and medium of exchange; and for aught we can see, will always perform this office. But economic principles bearing such a general and permanent character may be easily numbered. The statement hardly needs qualifying—that economic facts and principles do not possess an enduring nature. Harrison, in his *Description of England in Shakespere's Youth*, complains bitterly of the prices charged by merchants because they enjoyed monopolies of their merchandise; yet a recent English writer has truthfully said, "they were the ladder by which England climbed to the top of the tree, and it would be as unphilosophic to abuse them in Elizabeth's reign, as it would be false political economy to advocate their continuance in an age when commerce needs no leading-strings." Numberless illustrations might be given showing the ever varying character of economic phenomena, but the foregoing will suffice.

Not only do the economic phenomena of every country change, but the economic facts and principles of one country differ from those of another. The *Nation*, in reviewing Prof. Bowen's *American Political Economy*, looked at the title somewhat in irony, as though it were hardly possible for any country to have a political economy of its own, yet Walter Bagehot, by whose death one of the brightest lights in economic science has gone out, wrote his *Postulates of English Political Economy*, and the Germans have produced many economic works from a purely National point of view. It is a remarkable exhibition of intellectual narrowness which so many economists have furnished in supposing that a mastery of the economic facts of any country will disclose the same results as a knowledge of the economic condition of Great Britain. Now, political economy is purely a science of discovery, and in Great Britain, where labor is cheap and capital enormous, it is very generally believed that unrestricted competition is the most profitable rule of trade. This is doubtless true in respect to Great Britain. But, does every country possess the same amount of capital and cheap labor? And if some other country does not, if the United States, for example, be a poor country and labor here be dear, will this entirely different set of facts yield exactly the same explanation as the case of Great Britain? The believers in univer-

sal political economy declare that the system of trade, which has proved so profitable to England, will prove equally profitable to every country adopting it. But many, who know as much about these things as political economists, think otherwise. And this is why the doctrines of political economy are regarded with so much distrust by those who possess a truer knowledge of the phenomena with which the science professes to deal. They see that economic facts are extremely varied and demand various interpretations. Hence, if economists are true to the method which most of them profess to observe, there can be no escape from the conclusion of Bagehot, that "there may be any number of political economies, according as the subject is divided off one way or in another."

There will be progress in political economy, doubtless, as in other sciences. A more careful gathering of facts will lead to a revision of economic principles. This has been the course of other sciences, and is true of political economy during the last hundred years. Besides, a great field, that of consumption, has hardly been entered by economists. Yet, as Jevons says, "the whole theory of economy depends upon a correct theory of consumption." Hence, we do not agree with Mr. Lowe that "the great work of political economy has been done." Cairnes is far nearer the truth when he says that "political economy belongs to a class of sciences whose work can never be completed, never so long as human beings continue to progress; for the most important portion of the data from which it reasons is human character and human institutions, and everything consequently which affects that character or those institutions must create new problems for economic science."

Perhaps the most important part which political economy is to play in the future is the application of its principles to the various questions, political, financial, social, which are constantly arising. As we have seen, the discovery of economic principles is one thing, and their application quite another. There is no necessity for mixing the two things, although it must be admitted that, in works professing to be pure expositions of the principles of economic science, this distinction is often ignored, or not understood. Of course, the purpose of finding out these principles is to promote the well-being of society. They are intended for application, but in applying them several very important particulars should be heeded.

In the first place, economists, in our judgment, have too often assigned a greater importance to economic remedies than is due to their imperfect character. It is always to be borne in mind that economic principles are never founded upon a complete induction, and cannot be; hence, they must

always contain an admixture of error. Besides, as Cairnes says, "there are few practical problems which do not present other aspects than the purely economical, political, moral, educational, artistic aspects, and these may involve consequences so weighty as to turn the scale against purely economic solutions." How often has this idea been disregarded in applying economic principles.

In the second place, political economy has no remedy at all for many questions, though it may be thought to have one. Thus, the question whether the United States shall use only a gold standard of value, or a double one consisting of both gold and silver, is a question which political economy cannot answer. It can show the effect of using both metals in the past in all countries, but whether the United States shall continue the use of only one, or both, and if both, in what manner, is an experiment, concerning which, political economy must remain silent. And the same may be said of many other questions.

In the third place, the doctrine of self-interest has been too often applied as an efficacious force to move mankind to certain courses of action. Economic writers have never failed to use it, from the days of Adam Smith to the present, as the unfailing remedy. Newspapers, magazines, and books, are equally infected with the idea of its potency. The effect of using this medicine is so pernicious to the morals of mankind that it is about time to regulate the administration of it with a higher regard for the well-being of society. The reason for so general an application of this remedy is easy to find. It springs from an investigation of the causes relating to the production, exchange, and consumption of wealth, in which a far too prominent place has been assigned to the sway of self-interest. Had inductions been wider, and other causes been taken into account, the doctrine of Helvetius would not have been regarded as influencing men so much in the past, or so likely to move them in the future. That it has exerted a tremendous power none will question; nevertheless, the influence of other and modifying causes have been ignored.

In the fourth place, economic principles are sometimes wrong, and certainly all of them are in which self-interest is assumed to be the sole controlling force animating men; but never is there danger in following the golden rule. Moreover, if this were followed, the nature and effects of selfishness would more clearly appear.

In the fifth place, the prominence given to the doctrine of self-interest is a libel upon human nature in assuming too mean and low an estimate of man. While selfishness abounds, so also does the good; and it is degrading to him to appeal only to his selfishness. Sir Henry Sumner Maine has shown in a most instructive manner how the prominence

given to the doctrine of self-interest is contrary to the earlier notion which prevailed in society when the family and family instincts and sentiments exerted more power over its members than they do now. "The general proposition which is the basis of economy [by which he means the doctrine of self-interest] made its first approach to truth under the only circumstance which admitted of men meeting at arm's length, not as members of the same group, but as strangers. Gradually the assumption of the right to get the best price has penetrated into the interior of these groups, but it is never completely received so long as the bond of connection between man and man is assumed to be that of family or clan connection. The rule only triumphs when the primitive community is in ruins." And likewise, Prof. Leslie, in studying political economy from the historical point of view, has reached the same conclusion. Yet the weakest side of the doctrine is, that men do not very generally believe their interests are identical with those of their fellows. They believe exactly the reverse in spite of all that can be said to the contrary. Notwithstanding, this is no reason why moral motive power should not be employed; but rather, the reason is all the stronger for employing it, if the argument of self-interest be weak and without force.

In thus showing in the most glaring manner possible how selfish men are, and ignoring their other qualities, and appealing to selfishness as the true dynamic to move them to higher courses of action, mankind are only made worse, rather than improved, as they ought to be. Therefore we contend that the general and exclusive application of this doctrine of self-interest should cease; and also for the reason, that the doctrine is founded upon a wrong conception of human nature. It assumes that man is a purely selfish being, when he is not. What we do contend for is that moral principles, as they are the highest, and by many are thus regarded, ought to have precedence over all others, supplemented indeed by showing that to act in conformity with them is to act according to one's own self-interest rightly understood. Not a few critical writers have declared that "human interests well understood are fundamentally at one," though, of course, this is not generally acknowledged. Wayland, long ago, declared that "almost every question of the one science may be argued on grounds belonging to the other." And Prof. Perry has affirmed of political economy and moral science, that "the sound conclusions of the one are harmonious with the sound conclusions of the other." Why, then, should not an appeal be made to morality rather than to selfishnessness as the controlling force over human conduct? Afterward, the selfish side may be exposed to show how selfishness prescribes a similar line of conduct, thus serving as an admirable bridge to convey mankind from the

low, damp shores of selfishness to the loftier and healthier ground of morality. Nothing is lost by thus giving to the moral argument its rightful precedence, while the selfish argument loses none of its force.

In thus contending for the larger sway of the principles of morality over man in the production, exchange, and consumption of wealth, we are simply contending for the enthronement of principles which once acted within him, but which economists have been trying to drive out by an appeal to the principles of self-interest. In the older communities, the principles of trade were toned with moral considerations, and these ought to be recognized now. Certain it is that the doctrine of self-interest which has been glorified so long, especially by economists, ought to shrink into its true proportions, and other and better dynamic forces be discovered and applied to which human nature will respond.

While we believe that, in many cases, the principles of political economy have been wrongly applied, it is also true, in this country at least, that a great error has frequently been committed in neglecting to apply them at all. The extraordinary prosperity which has visited our country has spread a kind of poetic haze over the whole machinery of society, and led us to regard all inquiry into its working as an idle speculation. Before the enactment of the great tragedy between the North and South, there were but few questions relating to the administration of the Government involving the application of any principles of politica- economy. The great debates in Congress were upon constil tutional law, internal improvements, slavery, and like questions. With the breaking out of war, these questions passed away. The country had gone through the formative period of finding out the meaning and scope of the organic law. Congress was confronted with economic questions with which it was ill prepared to deal. It had only the scantiest knowledge of them, except the question of taxing importations. The *Congressional Globe* is the enduring monument of the ignorance displayed by members of Congress upon ques tions involving economic principles.

To what new economic conditions did the war give rise? It created an enormous debt, the interest and principal of which must be provided for and paid. A National currency and system of banking have been created. How our country blundered in raising money to maintain the war, and spent it; how the strife might have been carried on and the debt been less than half it is, are mistakes which we shall not recall.

Within the last quarter of the century the United States has suffered most fearfully from an ignorance of, or failure to apply, some of the most familiar principles of political economy. One of its most distinguished teachers, Amasa

Walker, clearly set forth in a Congressional speech, during the early part of the war, how it might be carried on at less than half the expense which Congress was likely to incur, simply by sticking to specie payments. His words, deemed foolish then, have long since borne evidence of their wisdom and truth. The issue of an irredeemable currency, so pointedly condemned by him and other economists, has wrought a thousand curses to our country, from which we are suffering to-day, and are to suffer for years to come.

Letting the past go, many of our politicians do not yet understand the principles of political economy, the application of which are needed to settle questions confronting the nation. For example, there are questions of taxation both upon imports and other property. Of the principles which should govern in these matters, some of our politicians are as ignorant as of the grandest truths in astronomy. The National banking system, the currency, free banking, specie payments, redemption of legal-tender notes—are all subjects within the domain of political economy, whose principles must be mastered if these matters are to receive a rational settlement. The views entertained upon these questions, the nonsense and ignorance displayed by Congress when grappling with them, would be laughable were the results not so sad and so disastrous to the people.

It is desirable, therefore, for every person proposing to serve his country in a public capacity to understand the principles of political economy,* for they apply to the most important questions of National legislation. No one will dispute how the character of National legislation has been changed by the war, and that financial measures and taxation are the most conspicuous questions upon which Congress legislates.

A knowledge of the principles of political economy, and how to apply them, is becoming more important to the individual in his business relations. Consider the relations of capital and labor. It is one of the mightiest questions of the age, and is convulsing every industrial pursuit. For years this question will hang like a mighty cloud over the people. If it be desirable to find out how capital and labor are related to each other, is not political economy the richest source from which truth can be drawn? And if Cobden's remark be true, that "the principles of political economy have elevated the working class above the place

* Perhaps our Congressmen may profit by learning what Burke thought of political economy: "If I had not dreamed it of some value, I should not have made political economy an object of my humble studies from my very early youth to near the end of my service in Parliament, even before (at least to any knowledge of mine) it had employed the thoughts of speculative men in other pa.ts of Europe. At that time it was still in its infancy in England, where, in the last century, it had its origin. Great and learned men thought my studies were not wholly thrown away, and deigned to communicate with me now and then on some particulars of their immortal works. Something of these studies may appear incidentally in some of the earliest things I published. The House has been witness to their effect, and has profited of them, more or less, for above eight-and-twenty years."—*Letter to a Noble Lord on the attacks upon his pension; Burke's works, vol.* 5, *p.* 192.

they ever filled before," ought not they to feel kindly toward this science, and seek to master its principles?

For these special reasons, the principles of political economy have a value to the statesman and man of business, hitherto unknown or denied. It is gratifying to know that a knowledge of them is rapidly widening. The people are awaking out of sleep and coming to believe that ignorance of the principles of political economy, which has cost us so much as a nation and as individuals, is not bliss pure and unalloyed. A little wisdom is to be preferred, and the streaks of light now seen in Congress, we trust, will grow in brightness and power until that body possesses the knowledge necessary to discuss and settle wisely the great economic questions which involve the prosperity and happiness of the republic.

HOW CAN RESUMPTION BE MAINTAINED?

It is easy enough to fix a day for the resumption of specie payments, and on that day to resume. But to maintain a supply of gold, with which to answer all the demands that may be made by the presentation of paper, is quite a different problem. The accomplishment of this purpose will depend more upon the amount of paper at the time in the country than the quantity of gold in the Treasury or the vaults of banks.

To simplify the problem, suppose gold to be the only money of the world, and that there were, say $5,000,000,000 distributed among the different countries; the proportion which each country would draw to itself would be determined by population, accumulated wealth, condition of credit, commerce, etc. But that a general level of currency and prices would exist and be maintained, by importing and exporting commodities, and by the flow of gold to countries where the level of prices of exportable commodities was most depressed, is a well recognized truth of political economy. Too little allowance is doubtless generally made for what may be termed friction, but the correctness of the principle is too well settled in theory, and too well supported by experience, to scarcely admit of doubt.

With such a world-currency, then, and with trade untrammeled, what proportion of the whole would the United States retain to itself? For the purpose of the argument it matters little what proportion is assumed, and we may assume that it would be $400,000,000, and the same proportional share of the annual production of gold. The United States

is a gold-producing country; suppose her annual product to be $50,000,000, then it follows that, in order that the general currency level may be maintained, $44,000,000 of her annual gold product would be exported.

But suppose, instead of a yield of $50,000,000 of gold from our mines, an addition to the currency *equal to* $50,000,000 is made by the issue of paper convertible into gold, the currency, as compared with the general level of currencies, would be as much in excess as though so much gold had been added to it; and that part of it that was composed of the world-currency would as certainly flow to other countries as though the whole were gold.

Condy Raguet, in his work on "Currency and Banking," says: "Every emission of a paper currency in any country drives out a portion of its coin and augments the total amount of the currency of the world, in the same manner that an additional quantity of gold and silver from the mines would do it; and hence an emission of paper money anywhere must augment the currency everywhere, after time has been afforded for the distribution."

Now, take the currency as it exists at this time, or rather, let us presume that, under the Resumption Act, by 1879 the volume has been reduced to $300,000,000 of National bank notes and $300,000,000 of greenbacks, and that $200,000,000 of gold have been accumulated in the Treasury and by the banks for the purposes of resumption, and that the Treasury and the vaults of banks are then opened to pay out gold as paper is presented. The whole currency then is declared equivalent to gold, and partakes of the laws governing gold currency. The total quantity of currency would be augmented by such part of the gold as goes out in excess of bank notes and legal tenders retained by the issuers respectively. For Mr. Sherman, after talking all around this point, finally says in the *North American Review* for November and December: "My own conviction being that, under existing law, after they are reduced to $300,000,000 and have been redeemed, they may be re-issued, and that the National bank currency should be used simply to meet the ebb and flow indispensable to every good currency."

It matters little what we may *assume* our proper proportion of the currency of the world to be, what it really will be will soon enough appear, and all in excess of that—provided there is enough of it exportable—will disappear, for the same reason and by the operation of the same laws, as the product of our mines is now drawn away.

If four or five hundred millions be, in fact, the proportion of the world-currency that would naturally fall to us in the course of trade, in 1879, then the gold paid out in redemption of paper would soon disappear and stand out at a premium. If $600,000,000 should prove to be no more than

our share, then still the gold must flow from us, if the paper is not withdrawn. If by means of large harvests and abundant production $800,000,000, in 1879, were no more than the share that would fall to us, then both the paper and gold would be required and would circulate; and if more than $800,000,000, then, unless more paper should be issued, there would be an inflow of gold. Hence it is absolutely necessary, *before it is possible to maintain resumption, no matter what amount of gold may be provided beforehand, to bring the volume of paper currency within the limits of the proportion of the world-currency* which would naturally fall to the United States.

To suppose, then, as the Secretary of the Treasury seems to, that to store up a hundred or two hundred millions of gold, and reduce the paper currency to $600,000,000 by January, 1879, is all there is to do to solve the whole problem, is clearly a shortsightedness that may be very costly to the nation before the end is reached.

Moreover, there are elements in the problem of resumption now, never present before. We owe probably not less than a hundred millions as annual interest on debts due abroad, which we must overcome in our international trade or export coin to pay it. This, too, is a very ugly element in the problem of maintaining specie payments, however attained. We do not have, on the average, five harvests in a century so abundant as this year's. What are we to do in years of deficient harvests with $100,000,000 to start with against us? In previous periods of successive inflation of bank paper and then suspensions, we have had no such adverse account to overcome.

Again, the process of reaching resumption which we are pursuing, cuts short instead of stimulating production, and leaves us with a *diminished* quantity of products to sell or pay with, instead of an *increased quantity*.

With both gold and silver as world-currency, the conditions, of course, are greatly changed. The same relative proportion would give us a much larger quantity of metallic currency—a gain that a debtor country, like ours, can hardly over-estimate.

An inconvertible Government currency acts on prices through volume alone, and independently of the flow of the precious metals.

A currency consisting of one part that should be unvarying in amount, and a part that should vary as coin would vary, would be such a currency as Lord Overstone proposed, and we may find, through sad experience, that no better instrument is attainable under the circumstances than our present greenback currency, limited in amount, and supplemented, when more is needed, with coin, or currency that should vary only as coin would vary.

At any rate, he who expects to see gold resumption long

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maintained, with a volume of convertible paper larger than would be our natural proportion of the gold of the world—if that is to be the only international currency—may expect next to see water stand in heaps at the fiat of legislation.

A. J. WARNER.

SILVER DOLLARS.

Thackeray, in his "Philip," makes Doctor Firmin say of the publisher's pay for the letters he wants his son to write from England to the *new* New York newspaper, that "*His dollars are good silver*" (the italics are Thackeray's); but in our day the pay in that coin would not be considered worth commendation by New York newspaper writers. Not only the coin, but the holders of it, have lost caste with some political economists. It is a pity, perhaps, that the practice of "joint discussion," so common in political meetings in the West and South, could not be applied to the silver question. We should have fewer positive statements unsupported by reliable statistics or reputable authorities, made by writers who have more zeal than accurate information. Too often—as in the old story of the fight between two knights as to whether the shield was gold or silver—it is only one side that is noticed. Either the gold or the silver side is seen, but not both, and an advocate, not a truth-seeker, makes one-sided statements. Even so careful a writer as ex-Secretary McCulloch, in his article in the *North American Review*, states that "A double standard means a silver standard. The adoption of it would make gold an article of commerce, and drive it out of the country." This positive statement coming from so reliable a writer carries conviction to the mind of an unthinking reader. But how much truth is there in the statement? First, a double standard does not mean a silver standard, except while silver is of less value than gold at the fixed relation, and what this relative value of the metals would be after remonetization is unknown. Again, the adoption of it (a double standard) would *not* make gold an article of commerce; gold is, and has been, for about fifteen years, an article of commerce as distinguished from current money. Therefore, the remonetization of silver would not make it so, unless we, before the remonetization of silver, had resumed payments in gold. And this is one of the arguments of the silver side, namely, that remonetization of silver *now*, would be advantageous, but after resumption in gold, the remonetization of silver might make gold an article of commerce, and drive it out of the country. Inexactness of statement and charges of sordid motives are not calculated to benefit either side, nor are they necessary to the strong position of hard money.

What a majority of thinking men desire, and they have the experience of the world to favor their position, is, more real money and less irredeemable paper money. An abundance of metallic money aids the development of a country, and gives permanence to its prosperity. Even ardent gold advocates will generally admit the advantage of silver money, if a fixed relative value with gold can be ensured.

We want in this country a large stock of gold and silver coin and bullion, so that the shipment of a few millions of dollars of specie to Europe will not be reported from one end of the country to the other, and make men halt in legitimate business enterprises. We cannot have abundance of coin with an excess of paper money, and it is a doubtful question whether we can have it on gold alone, even with a limited amount of paper money? If we had in this country one-half of the stock of specie now in France, or say five hundred millions of dollars, we should have a balance wheel to prevent violent fluctuations in money. It is a question whether we can get, and keep, such a stock of gold coin in exchange for our products while we have so large a foreign debt, unless we reduce paper money to a very low limit. We believe the current opinion among bankers is that we cannot, that the three great National banks of England, France, and Germany can, by raising the rate of interest, draw gold away from us by making it advantageous to send our bonds back. Italy, Russia, and Austria cannot resume specie payments because they are debtors. Can we, unless we do it on silver first, and then by the use of both metals, resume the rightful position of a solvent nation?

The demand for silver indicates a return of its former value. In fact, statistics show silver to be, on a basis of relative production and use, the more valuable metal, at the relation of the metals in this country. The production of silver in the world is about seventy millions of dollars a year. The yearly consumption in the arts and wear of coins is estimated at about thirty millions of dollars a year; leaving about forty millions of dollars to add to the stock of silver, but the exports to China and India from Great Britain, for 1876, were sixty-eight millions of dollars, and for 1877, up to the last reports, were as much. Adding the exports from San Francisco to China, it is probable, that India and China will take, during 1876 and 1877, about ninety millions of dollars of silver more than the addition to the stock of silver and bullion from production during those years.

Assuming the desire to be general among our readers to have the United States repay its debt strictly according to the promises made—paying in gold where gold was received—and either giving the creditor the benefit of any doubt, regarding the promises made respecting the other bonds, or better, referring to the United States Supreme Court the

question of the obligation of Government, where there is any doubt. We have, after this, a problem! Must there not be a choice between bi-metallic money and irredeemable paper? Or, is a resumption in gold uncertain or dependent upon the action of foreign countries for its continuance? These questions can be considered without bringing into the discussion the motives of opponents. Creditors, as well debtors, may be benefited by any policy which will stop a fall in values and revive business, and if debtors generally cannot pay more than one hundred cents in silver for every dollar of indebtedness, and if, as is claimed by more than a majority of the people of this country, even if it is a sectional majority, that there is a constitutional right to pay in silver, is it wise to assume all the honesty and virtue to be on the side of a creditor claiming payment of debts in gold?

One of the first and best definitions of wealth, before Adam Smith's time, was, "what people desire." Admitting the correctness of this definition it is unwise to shut our eyes to the prodigious disappearance in this country of wealth. We do not desire at this time in our country, land, new railroads, new factories, or increased production of else than something to eat and wear. Nothing seems to be wealth except necessities of life, and in this sense we are getting poorer. The brunt of depreciation is in what people can do without—and a debt small in amount wipes out property of large value. It is unmistakable that there is a general protest—people are tired of it. It is useless to call it a silver scare, and say it is a desire to pay ninety-two cents for a dollar. It might be wiser for gold advocates to admit the rights of silver and reserve all their force to combat the impending evil of having more paper money, more mere promises to pay.

HAMILTON.

REPORT OF THE COMPTROLLER OF THE CURRENCY.

Our December number contained that portion of this valuable document which relates to the taxation of banking capital. We continue further extracts from the report. The Comptroller makes the following statement in relation to the effect of a law authorizing four per cent. bonds to be deposited in the Treasury by the National banks, as security for circulation:

The amount of bonds pledged by the National banks as security for their circulating notes is \$343,048,900. This amount consists of \$80,984,550 of six per cents., including \$7,836,000 issued to Pacific Railroads; \$200,090,500 of five per cents.; \$45,089,500 of four and a half per cents.; and \$15,848,150 of four per cent. bonds. If that portion of these securities bearing the higher rates of interest were exchanged for the latest issues of United States bonds bearing interest at the rate of four per cent. per annum, the income of the banks from this source would be thereby reduced \$3,865,194 50. The tax upon circulation paid to the Government for the last fiscal year was about

$2,900,000, which is $965,194 50 less than the loss of income to the banks if the bonds held as security for circulation were all exchanged for the four per cents. That is to say, if the four per cent. bonds were authorized to be deposited as security for circulation, free from tax, and such bonds should be substituted for the others now on deposit, the income of the National banks would thus be reduced $965,194 50.

The Government would, however, be largely the gainer, for the purchase by the banks of $327,004,750 of four per cents. would place the Treasury in funds with which to purchase and retire the same amount of six per cents. which have now matured. The Government would thus save $6,540,095 annually in interest, while it would lose the present tax for circulation ($2,900,000), leaving a net annual gain to the Government of $3,640,095. The Government has now outstanding more than $900,000,000 of six per cent. bonds, which are to be retired before the five per cents. can be called in. When the six per cents. shall have been retired, the banks may still hold the five per cents., of which more than $700,000,000 are now outstanding. If the six per cents. held by them should be exchanged by them for fives, the income to the banks would then be $3,015,000, or $115,000 more than the amount of taxes upon circulation during the present year.

When the banks shall become owners of $300,000,000 of the four per cents., it may be fairly presumed that the borrowing power of the Government will be fixed at not above that rate, so that the funding of the remaining five or six per cent. bonds of the Government, will be promoted and hastened. It is also to be presumed that, under the stimulus of renewed prosperity in trade and commerce, and the gradual reduction of the greenbacks, an additional amount of bank currency will be issued, which will furnish renewed demands from the banks for the four per cent. issues. It is not probable that during the next ten years the Government debt will all be reduced to a rate of interest below five per cent.; and it is clearly for the interest of the Government, until this can be accomplished, to receive the four per cents. from the banks free of any tax upon circulation.

The denominations of the National bank notes are as follows: "Of the entire amount of legal-tender and National bank notes outstanding, more than eight per cent. are of the denominations of ones and twos; nearly twenty-two per cent. of fives; twenty-four per cent. of tens; and nineteen per cent. of twenties. Of these entire issues less than twenty-five per cent. in amount are of the denomination of $50 and upward."

The statistics of National bank failures show that from the date of the establishment of the National banking system to June 1, 1877, fifty banks have failed, with an aggregate capital of $10,875,100. The amount of creditors' claims proved is $17,899,886, and that of dividends paid was $10,029,045. The total loss to creditors is estimated at $5,525,000. There has been no loss whatever upon circulation.

The Comptroller complains, with good reason, that the system of making returns from State banks is very defective. "Complete returns of State banks have been received from seventeen States only; of Savings banks from but ten; and of trust and loan companies only four States. The Legislature of Missouri has recently passed a law requiring all banks in the State to make reports in the month of December. There are ten States and eight Territories in which no reports are required. With a view of rendering this system of reports more complete and effective than at present, the Comptroller has prepared the form of a bill, which is herewith presented; and it is respectively suggested to members of Congress and State officers that, if it meet with their approval, they shall lend the weight of their influence to procure the passage of a bill similar in form, by the Legislatures of their respective States. It may be mentioned that a bill such as is here suggested, was passed by the Legislature of Ohio last year." The Comptroller also presents a valuable synopsis of the Supreme Court decisions, and other United States Courts, in reference to National banks, to which are added the rulings of State Courts in cases applicable to National banks.

SPECIE AND CIRCULATION.

From such data as are now obtainable, the Comptroller has prepared the following table giving the items of circulation, deposits, and bank balances of all the banks, and of the specie held by them for a series of eight years, covering both of the periods of suspension and resumption:

Years.	*Circulation.*	*Deposits and Bank Balances.*	*Specie.*	*Ratio of Specie. Circulation. Per cent.*	*Ratio of Specie. Circul'n & Deposits. Per cent.*
1835	103,692,495	$83,081,365	$43,937,625	42.4	23.5
1836	140,301,038	115,104,440	40,019,594	28.5	15.7
1837	149,185,890	130,148,393	37,915,340	25.4	13.6
1838	116,138,910	87,511,723	35,184,112	30.3	17.3
1839	135,170,995	90,477,297	45,132,673	33.4	20.
1840	106,968,572	78,716,288	33,105,155	30.9	17.8
1841	107,290,214	64,890,101	34,813,958	32.4	20.2
1842	83,734,011	62,408,870	28,440,423	34.0	19.5
Averages.	117,810,265	$89,042,310	$37,318,610	31.7	18.0
1850	131,366,526	109,586,595	45,379,545	34.5	18.8
1851	155,165,251	128,956,712	48,671,048	31.4	17.1
1853	146,072,780	146,258,880	47,138,592	32.3	16.1
1854	204,689,207	188,188,744	59,410,253	29.0	15.1
1855	186,952,223	190,400,342	53,944,546	28.9	14.3
1856	195,747,950	212,705,662	59,314,063	30.3	14.5
1857	214,778,822	230,351.252	58,349,838	27.2	13.1
1858	155,208,344	185,932,049	74,412.832	47.9	21.8
Averages..	173,747,638	$174,047,542	$55,827,565	32.1	16.1

By reference to this table it will be seen that, during the first period, the average ratio of specie to circulation held by the State banks, was 31.68, and to circulation and deposits, 18.04, and during the second period, 32.13 and 16.05, respectively.

The ratio of specie and legal tenders to circulation of the National banks for the eight years named, was 45.51, and to circulation and deposits, 16.70 per cent.

The returns of the State banks in the New England States, and in the State of New York, were more regular and reliable than those of the banks in any other portion of the Union, and a comparison between the State banks for the periods named with the National banks for the last eight years, is given in tables.

The aggregate ratio of specie to circulation in the New England States, from 1835 to 1842, was 19.4, and from 1850 to 1858, 15.9, and of specie to circulation of deposits and bank balances, from 1835 to 1842, 11.3, and to total liabilities, 9.6. In the National banks the aggregate ratios were 21.1 and 10.08. In the New York State banks the aggregate ratios during the first period were 35.5 and 15.1, and during the second period 46.7 and twelve per cent. respectively. In the National banks of New York State for the last eight years the ratios were 115.4 to circulation and 22.5 to circulation, deposits and bank balances. In the New York City banks for six years, from 1855 to 1860, the ratios of the State banks were 204.7 and 22.2; and in the National banks from 1872 to 1877, the aggregate ratios were 251.7 and 26.3.

THE PAYMENT OF DEPOSITS.

It is shown by the various tables given in the report that the average strength of the National banks for the last eight years, is fully equal to that of the State banks during periods of suspension and resumption in former times, and if resumption is to take place upon any fixed date, the National banks will be certain, as a matter of precaution, to strengthen their reserves beyond the averages here given. It cannot be doubted, therefore, that the National banks will be prepared to redeem their circulating notes at any date of resumption

which may be fixed upon. But, while it is admitted that the banks may easily pay in coin their circulating notes, it is said that it will be impossible for them to provide in the same way for their deposits. Those who take this view proceed on the assumption that the banks will be called upon to pay their deposits in specie. This was not true during any former period of specie payment, and is less likely to be true under the National banking system than it was under any previous system of banking. . . . The people throughout the country now know what, prior to 1863, they could not know, for it was not then true, that every bank note is safe beyond peradventure; and that if these notes are not paid at the counters of the banks which issued them, they will be paid at the Treasury Department in lawful money, and that the securities held therefor are amply sufficient for that purpose. No reason, therefore, exists while the people—who have not during the last fourteen years lost one dollar through the use of bank notes—should decline to receive payment of their deposits in such notes. These notes are not only guaranteed by the Government, but they are received by it in payment of all taxes and other dues except duties on imports, and are disbursed by it in payment of all demands except interest on the public debt and in the redemption of National bank notes.

The National banks hold $880,000,000 of loans made to the people, and each bank is required, by section 5,196, of the *Revised Statutes*, "to take and receive at par, for any debt or liability to it, any and all notes or bills issued by any lawfully organized National banking association." There are, therefore, $880,000,000 of liabilities of the people due to the National banks—a sum largely exceeding the whole amount of deposits—which may be paid in the notes of any or all of the National banks in the country. The National bank notes are therefore very different in character from the heterogeneous bank notes formerly issued by authority of the several States. Moreover, the deposits of the banks are largely owned by their own shareholders, and by their borrowers, and surely business men who look to the banks for accommodation, and stockholders whose profits depend upon their successful management, will be the last to conspire to injure their credit.

Deposits consist chiefly of bank credits, and are derived largely from the discount of commercial paper, and are paid mainly by transfers upon the books, and not with either coin or currency. Throughout the country, all large payments are made, not with money, but with checks. In the principal cities these payments are accomplished through the operations of Clearing Houses. During the last twenty-four years the exchanges of the New York Clearing House were $454,000,000,000, while the balances paid in money were less than $19,000,000,000. The average daily exchanges during this whole period were more than $61,000,000, while the average daily balances paid in money were but $2,500,000, or but four and one-fifth cents upon the dollar.

In England, in 1821, after resumption, there was but little demand for gold; nor was there in France, after resumption by the Bank of France, in 1850; nor in this country in 1838 or 1858. The Bank of France is at present in a state of suspension, but its notes are preferred by the public to specie, and the bank has found it difficult to reduce the volume of its circulating notes in exchange for coin. All thought of demanding actual payment in specie will vanish as soon as resumption is assured, and those timid bankers who fear that their dealers will demand coin for every dollar of their deposits, can reassure themselves by an agreement with their dealers that their deposits shall be payable, as at the present time, "in current funds," which will then consist of legal-tender notes and the notes of specie paying banks. There is no greater bugbear than the oft-repeated cry that the Treasury and the banks must provide specie for the payment of two thousand millions of deposits before resumption can take place.

THE REPORT OF THE SECRETARY OF THE TREASURY.

The following extracts present the leading points of Secretary Sherman's annual report to Congress:

The ordinary revenues, from all sources, for the fiscal year ending June 30, 1877, were—

From customs	$130,956,493 07
From internal revenue	118,630,407 83
From sales of public lands	976,253 68
From tax on circulation and deposits of National banks	7,078,550 96
From repayment of interest by Pacific Railway Companies	1,661,998 64
From customs, fees, fines, penalties, etc	1,044,712 84
From fees—consular, letters-patent, and lands	1,727,611 97
From proceeds of sales of Government property	333,954 96
From premium on sales of coin	249,580 78
From profits on coinage, etc	3,273,239 08
From miscellaneous sources	3,067,782 81
Total ordinary receipts	$269,000,586 62

The ordinary expenditures for the same period were:

For civil expenses	$15,794,188 34
For foreign intercourse	1,229,758 79
For Indians	5,277,007 22
For pensions	27,963,752 27
For the military establishment, including river and harbor improvements, and arsenals	37,082,735 90
For the naval establishment, including vessels, machinery, and improvements at navy yards	14,959,935 36
For miscellaneous expenditures, including public buildings, light-houses, and collecting the revenue	39,228,119 47
For interest on the public debt	97,124,511 58
Total ordinary expenditures	$238,660,008 93
Leaving a surplus revenue of	$30,340,577 69

Which was as follows:

To the redemption of United States notes, etc	$10,071,617 00
To the redemption of fractional currency	14,043,458 05
To the redemption of six per cent. bonds for the sinking fund	447,500 00
To increase of cash-balance in the Treasury	5,778,002 64
Total	$30,340,577 69

The estimates for the next year amount to $280,689,000, which the Secretary thinks can be cut down $11,000,000 without detriment.

FUNDING THE DEBT.

The contract of August 24, 1876, made by the Secretary of the Treasury with certain parties, for the negotiation of $300,000,000 4½ per cent. bonds, had so far been executed on the 1st of March, 1877, that $90,000,000 had been sold to the associated contractors, and calls had been made for the redemption of a like amount of 5-20 bonds. While the contract expired in terms on the 30th day of June, 1877, it contained a stipulation that it might

be terminated by the Secretary of the Treasury, upon ten days' notice after the 4th of March, 1877. In May last it became apparent to the Secretary that, by a favorable change in the money market, four per cent. bonds could be sold at par, in coin, with great advantage to the Government; and, availing himself of the privilege secured by the contract, he gave notice that he would limit the sale of 4½ per cent. bonds to $200,000,000. On the 11th day of May it was agreed that a portion of the latter should be sold under the authority of the Resumption Act for resumption purposes, and subscriptions were rapidly made until the aggregate reached $200,000,000, of which $185,000,000 were applied to the redemption of an equal amount of six per cent. bonds. On the 9th day of June, 1877, the Secretary entered into a contract with a portion of the previously associated parties for the sale at par, in coin, of the four per cent. bonds of the United States, authorized to be issued by the Refunding Act. This contract was, in substance, similar to previous contracts, but was to terminate on the 30th day of June, 1878, with the right reserved to the United States to terminate it at any time after the 31st of December, 1877, by giving ten days' notice thereof to the contracting parties. This contract also contained a stipulation, as follows:

It is also agreed that the parties of the second part shall offer the people of the United States at par and accrued interest in coin, the four per cent. registered consols and the four per cent. coupon consols of the denominations of $50 and $100 embraced in this contract, for a period of thirty days from the public notice of such subscriptions and in such cities and upon such notice as the Secretary of the Treasury may prescribe prior to the opening of the lists, and further, to offer to the subscribers the option of paying in instalments extending through three months.

Under this contract, invitations having been published, subscriptions to this loan were opened on the 16th of June, 1877. Within the period of thirty days thereafter the subscriptions had reached the sum of $75,496,550, which were payable within ninety days from the date of subscription, or on or before the 16th of October. Every subscription to these bonds have been paid, and of the proceeds $50,000,000 have been applied to the redemption of an equal amount of six per cent. bonds. The residue has been applied to resumption purposes, as hereafter stated. The annual reduction of interest on the public debt thus made is as follows:

By the sale of $185,000,000 4½ per cent. bonds........................	$2,775,000
By the sale of $50,000,000 four per cent. bonds........................	1,000,000
Aggregating	$3.775,000

PAYMENT OF THE BONDS IN GOLD.

In October last, after the payment of the popular subscriptions, arrangements were perfected to open further subscriptions to the four per cent. loan, and a call was about to issue for $10,000,000 of six per cent. bonds, but it was temporarily postponed by reason of the agitation of the repeal of the Resumption Act and the remonetization of silver, which the associates believed would prevent further sales of these bonds. For this reason they declined to offer them, and no further call of six per cent. bonds was therefore made. On the 19th of June, pending the subscriptions, the Secretary informed the associates, in an official letter, that, as the Government exacts in payment for these bonds their face value in gold coin, it was not anticipated that any future legislation of Congress, or any action of any department of the Government, would sanction or tolerate the redemption of the principal of these bonds, or the payment of the interest thereon, in coin of less value than the coin authorized by law at the time of their issue—being gold coin. The general confidence of the public that so just a principle of good faith would be observed by the Government, no doubt largely contributed to the success of the loan. Whatever policy the Government may adopt, at any time, in its system of coinage, it should not reduce the value of the coin in which it pays its obligations below that it demanded and received. The Secretary earnestly urges Congress to give its sanction to this assurance. The high credit of the

United States, the faithful observance of its public obligations, the abundance of its wealth and resources, the rapid reduction of its debt, the great accumulation of savings among the people, the favorable state of foreign trade—all contribute to enable the United States to borrow both from its own people and in foreign markets on the most favorable terms. The Secretary does not doubt that, if no questions had arisen disturbing the public credit, the six per cent. bonds would be rapidly paid off by the proceeds of the four per cent. bonds, sold at par in coin or its equivalent. The highest public credit can be secured only by a constant observance of every public engagement, construed according to its letter and spirit. Thus far this course has been faithfully pursued by the United States. Without it our ample resources and ability to pay are of no avail. At a time when we are enjoying such credit, and rapidly securing the benefit of it by the reduction of the rate of interest from six to four per cent., it would seem to be a grievous error to raise a question about the coin in which the interest is payable. Self-interest alone, without respect to pride in public credit, would lead us to secure so great a benefit as would be the saving of one-third of the interest of the public debt. Of the six per cent. loans about $660,000,000 are now redeemable at the pleasure of the United States, and of the whole debt $1,452,000,000 are redeemable before, or on the 1st of May, 1881. By the reduction of the interest from six to four per cent., on the public debt now redeemable, there would be a saving of $13,200,000 annually, and by the reduction to four per cent. of the interest on the total debt, redeemable by the first of May, 1881, there would be a saving of $22,006,205 50 per annum.

Any measure that creates distrust or doubt will arrest this process, and, by disabling the United States from borrowing, will compel the continued payment of the high rate of six per cent.

If, therefore, the public interests demand the issue of silver dollars, it is respectfully submitted to Congress that an express exception be made requiring that gold coin alone shall be paid for principal or interest on bonds issued to public creditors, since February 12, 1873, the amount of which is $592,990,700. These bonds have entered into the markets of the world. If the market value of the silver in the new coin is less than the gold dollar, a forced payment in the new coin is a repudiation of a part of this debt. The saving that would thus be made is utterly insignificant compared with the injury done to the public credit.

And even as to bonds issued prior to February 12, 1873, public policy and enlightened self-interest require us to pay them in the coin then in circulation, and contemplated by both parties as the medium of payment. Silver dollars have not been in circulation in the United States since 1837, and since 1853 fractional silver coins have been in circulation and a legal tender only for limited sums, and have not been contemplated as the medium of payment since any considerable portion of the outstanding bonds was issued. The silver dollar was, in fact, more valuable than the gold dollar. It does not become a nation like ours to avail itself of the market depreciation of silver to gain a small saving by the payment of silver dollars instead of the coin contemplated when the bonds were issued. A far greater saving and higher public honor can be secured by the sale of four per cents. bonds under the Refunding Act and the payment of outstanding bonds in gold coin. An assurance given by Congress of such payment would at once secure the complete success of the refunding process and greatly advance the present high credit of the United States. Another practical impediment in the sale of bonds was, that under the law, the Secretary could receive coin alone in payment for them, and the only existing coin that could be received, under the law, was gold coin. As this was not in general circulation, it was impracticable for the people to pay it into the Treasury for these bonds. Therefore, it became necessary to conduct all sales through third parties, who could receive bank-bills, United States notes, drafts, certificates, and other forms of commercial paper, and convert them into coin. The Secretary, therefore, recommends that he be authorized to sell such bonds either for coin or for its equivalent in United States notes.

The Secretary strongly urges a steady adherence to the policy of resuming specie payments in 1879. He says that success is now assured, and that a change of policy would impair the public credit. Authority is asked to fund into four per cents. all legal tender notes in excess of $300,000,000. The Secretary is of opinion that notes redeemed after January 1, 1879, if the amount outstanding is not in excess of $300,000,000, may be reissued. The National banks are reported to be in a condition to redeem their circulating notes in coin at any date fixed upon by the Government. Authority is asked for the issue of bonds of small denominations for the investment of savings.

In the report the silver question is discussed at considerable length. The Secretary objects strenuously to the free coinage of silver. He regards it as of no benefit to the people, but as certain to injure the public credit and stop the refunding of the debt.

A revision of the tariff is advised, with a restoration of the tax on tea and coffee; also the placing on the free list all articles which yield less than $10,000 duty. An increased commerce is reported. The depression of the shipping interest is alluded to, and its encouragement recommended.

THE NATIONAL BANKS.

The Secretary calls the attention of Congress to the report of the Comptroller of the currency. The number of National banks in existence on the first day of November last was 2,080. The amount of their circulating notes retired within the year prior to November 1, 1877, is $20,681,637. The amount of circulating notes issued to National banks during the same period is $16,306,030. The aggregate amount of their circulation outstanding is $316,775,111. Their loans and discounts amount to $888,243,290.17.

The general solvency of the National banks, as now organized, and their benefit to the people, have been demonstrated during a period of fourteen years. No one has lost a dollar by receiving their notes. They have been less subject to revulsion and failure than any other corporations or firms. Their organization under a general law containing every safeguard which experience has suggested—the supervision over them by the Comptroller of the Currency, the frequent and unforeseen examinations to which they are subject, the sworn statements required of them of every detail necessary to disclose their condition, the absolute security of their issues—makes this system of banking as safe and efficient as any yet devised. The remaining condition to perfect this system is, that their notes should be readily convertible into coin. While United States notes were irredeemable and depreciated, it was not possible that bank notes should rise above par of the United States notes. The true test of this system of banking will come when the United States notes are maintained at par with coin; then the banks must redeem their notes in coin or United States notes equal to coin. The ample statistics given by the Comptroller, and his comparison of the reserves and condition of the National banks with the reserves and condition of other systems of banking in specie paying times, give assurance that the National banks are able to redeem their circulating notes in coin at any date fixed upon by the Government. They certainly should not enjoy the franchise of circulating as money their non-interest-bearing notes, unless they are prepared to redeem them. The present system of redemption of bank notes at the Treasury of the United States can be continued after United States notes are at par with coin as well as now. If experience should show that additional reserves are necessary they can be required. Then, as now, their notes will be amply secured by deposit of bonds, and confidence in this security will dispel the fear of failure, which, under former systems, has been the cause of sudden runs or demands on banks for payment of their notes. If the policy of the Government should be to maintain in circulation at par with coin a maximum of three hundred millions of United States notes, and to support them with a reserve of not less than one hundred millions in coin, these notes will be the natural reserves of the

banks, and more convenient for that purpose than a deposit of coin in their vaults. The real danger that in former systems threatened a bank was its liability for deposits. If these were suddenly withdrawn, or greatly diminished, the note-holder was the chief sufferer. The first rnmor of weakness about a bank brought a demand from depositors and note-holders alike, but under the National banking system the note-holder is secure and indifferent whether the bank breaks or not, and the depositor, who is a voluntary creditor of the bank, is not likely to hasten its fall. He is usually paid by a transfer of credits, and in most cases is a debtor as well as a creditor of the bank. Scarcely five per cent. of deposits are paid by currency.

The capital stock of National banks paid in is now $479,467,771, and the surplus fund and other undivided profits is now $166,348,799.96. The banks are exceptionally strong in their cash reserves. Their condition is as favorable to maintain redemption in coin as in United States notes, and the Secretary concurs in the opinion of the Comptroller that they ought to be, can be, and will be prepared for redemption of their circulating notes in coin, or in United States notes equal to coin, by the time fixed by law, without interfering with their ability or disposition to render their aid, as now, by loans and discounts, in conducting the business and exchanges of the country. The market value of their circulating note is 97⅞ per cent. The difference is not equal to six months' interest on the bonds deposited for the security of the notes, and not five per cent. of their surplus on hand It is scarcely to be credited that the payment of this will disturb in any way the even course of their business. Complaint is made by the banks and bankers of the country of the tax on their deposits, and attention is called to what is said by the Comptroller of the Currency as to the repeal of this tax. While the necessity exists for collecting the amount of revenue now required the Secretary is not prepared to recommend such repeal, but whenever a sufficient amount of revenue for the support of the Government can be derived from the other articles now subject to taxation, a reduction of bank taxation will then be advisable. The cost of the redemption of bank notes in United States notes at the Treasury, under the present system, does not exceed one-sixth of one per cent. on the amomnt redeemed, and is refunded to the Government by the banks. The redemption is a great convenience to them and to the public, and should be continued. The act creating the National banking system recognizes the character of these banks as Government agents or depositaries. They could greatly assist in the process of refunding; they are conveniently distributed so as to be within easy reach of the people of the United States. The Secretary is of the opinion that they can be, under existing law, and ought to be, made the agents of the Government in the sale of bonds, upon conditions that will make it for their interest to promote such sales, and will be safe and advantageous to the Government. Various plans have been submitted to secure their coöperation, and the best will be adopted.

A SUBSTITUTE FOR SAVINGS BANKS.

The attention of Congress is called to the great value to our fellow citizens of the organization of some plan for the collection, safe-keeping, and profitable employment of small deposits by the people. How far this can be done without trenching upon the proper functions of the State Governments is a question of difficulty; yet it is important to secure, if possible, a general system throughout the United States. This can hardly be effected by the organization of a multitude of savings banks, depending upon the fidelity, integrity, and skill of their officers; but the beneficial object of such banks might be secured by authorizing the deposit of small sums with any postal money-order office in the United States, and the issue of Government certificates, convertible on demand of the holder into four per cent. bonds of the United States of such character, description and amount as will enable prudent persons to convert their earnings into a public security of a stable value. The money thus received could be employed in the redemption of outstanding bonds bearing a higher rate of interest. By some such system it is believed that the great body of our public debt, reduced to its smallest possible burden, could be distributed among our own people. With a slight modification of existing law this beneficial

result would be secured. The deposits now held by savings banks throughout the country amount to $843,154,804, deposited by 2,300,000 persons, and mostly by deserving citizens, who thus wisely seek to preserve small savings for future need. No object could more strongly appeal to the considerate judgment of Congress. The heavy losses that have been sustained through savings banks, whose funds have been improvidently loaned upon insufficient security, have inflicted far greater injury upon the depositors than would a similar loss suffered by persons engaged in banking or commercial pursuits. The Secretary, therefore, recommends that authority be granted to issue certificates for small deposits, convertible into four per cent. bonds now authorized by law, the proceeds to be used solely for the redemption of bonds bearing a higher rate of interest, and now redeemable at par.

THE SAVINGS BANKS OF THE STATE OF NEW YORK.

The Bank Department furnishes the following comparative summary of the reports of the Savings banks in this State, for January 1, and July 1, 1877:

RESOURCES.	*Jan.* 1, 1877.	*July* 1, 1877.
Bonds and mortgages	$116,154,434	$111,739,147
Amount of stocks and bonds, at cost	186,873,127	195,466,693
Amount loaned on stocks, as authorized	3,645,549	2,142,440
Banking houses and lots, at cost	8,517,217	8,687,960
Other real estate, at cost	1,850,577	2,472,259
Cash on deposit in banks or trust companies	14,314,936	14,936,534
Cash on hand	5,201,297	4,365,488
Other assets not included above	15,272,010	15,361,280
Add for cents	——	299
Total resources	$351,829,147	$355,172,098
LIABILITIES.		
Amount due depositors	$316,677,285	$319,716,864
Other liabilities	975,259	644,968
Surplus	44,176,603	34,810,100
Add for cents	——	166
Total liabilities	$351,829,147	$355,172,098
DETAILS OF STOCKS.		
United States stocks at par	$74,870,450	$80,755,000
New York State stocks	7,075,500	7,294,200
Stocks of States other than N. Y	9,203,711	10,221,701
Bonds of cities in this State	71,148,850	73,651,458
Bonds of counties in this State	10,376,522	10,007,852
Bonds of towns in this State	4,685,040	4,532,822
Bonds of villages in this State	434,100	511,100
Other stocks and bonds	1,562,234	544,513
Par value of stocks and bonds	$179,356,407	$187,518,646
Estimated market value of stocks and bonds	195,698,764	204.315,996
SUPPLEMENTARY.		
Number of open accounts	849,638	861,603
Market value of real estate		$2,137,842
Available fund		22,828,636
Expenses, including salaries, for first six months, 1877		792,329
Loans other than those authorized by laws of 1875		1,070,892

BOOK NOTICES.

The Money Problem. By HENRY BRONSON, M.D. New Haven: Hoggson & Robinson. 1877.

In the brief space of one hundred pages Dr. Bronson has given a series of well arranged, logical and interesting discussions of various aspects of the monetary problem. The early portion of this work first appeared in 1873, just after the panic. It is now extended by several elaborate essays all of which are well worth reading. Dr. Bronson lays down the principle that Government has and should have very little power over the flux and reflux of currency so long as the monetary system is based on specie, and to attempt by legislation to contravene this law by the issue of paper money must be futile and tend to disaster. Dr. Bronson gives a long summary of the legislative history of our paper money. "After the adoption of the Federal constitution," he says, "and up to a recent period, it was supposed that the general government, like the states, had no authority to issue paper money, much more to make it a legal tender. One of the objects of the convention of 1787 was to get rid of it as an intolerable nuisance. Rhode Island, which was profiting by its continued emissions to the annoyance of its neighbors, sent no delegates, and held itself aloof because of this known object. The convention tried faithfully to do in this regard all that was expected. Not only were the states inhibited, but it refused by a vote of nine states against two to give the power to 'emit bills of credit,' afterward, by a decision of the Supreme Court of the United States, January, 1837, defined to be a paper issued by the sovereign power, containing a pledge of its faith, and designed to circulate as money. Till the late Rebellion, it was supposed—it was even a matter of self-gratulation—that we were secure against the possible, the oft-proved danger, of paper money issued by the sovereign power, and designed to circulate as money, and especially against all laws making it a legal tender. But the necessities of a great war overthrew the barriers which experience and sound policy had erected. In 1862 the bill authorizing the issue of Treasury notes for circulation, and making them lawful tender, was resisted in the Senate, but in the House met with little opposition. Mr. Fessenden justified it on the ground of absolute, overwhelming necessity; others cared only to know whether it was 'useful, convenient, profitable.' Our colonial and revolutionary experience, and the history of paper money everywhere, prove that the tender-provision — the worst part of the law — was in no way essential, and did nothing to prevent or even retard depreciation." Dr. Bronson's sketch of the financial history of that period is one of the most interesting parts of his work. In proceeding to the didactic portion of his work, he defines money as a medium of exchange and a measure of value, he discusses the effect of the value of money produced by a limitation of its volume, he shows the stability of coin and the confidence it inspires. He next proceeds to examine the

advantages and defects of the convertible note, and expounds the functions of the banks in preparing for the transition to specie payments. The inter-convertible bonds is next considered, and its powers as a regulator of currency are illustrated as follows: "The public credit is, in truth, too precarious and indefinite for adoption as a measure of value, even for short periods. It is and must be of slow growth; is exposed to a hundred disturbing influences, and has not half the stability of the best private credit. Fair and full of promise to-day, cloud and storm may envelop it to-morrow. A great foreign war would knock it down ten or fifteen per cent., and the loss of an important battle half as much more. Aggressive movements on our part or the part of other nations, domestic strife, threatened repudiation, a large radical element in Congress or among the people, as well as financial embarrassment and a restricted money market, would smilarly affect it. At an early period during the late "Rebellion" United States six per cent. ten years gold bonds were sold at eighty-three in coin. Soon after the upheaval of 1837 and 1839, when the national debt had been paid, the government tried in vain to borrow money in the markets of Europe on a six per cent. bond. In the comparatively insignificant war of 1812, the treasurer, at one time, was obliged "to issue in stocks $ 4,266,000 to obtain $ 2,500,000" (Hildreth), and the contest was brought to a close partly on account of the seeming impossibility of raising funds to carry it on. Only a few months ago, when immediate war was threatened between Russia and Turkey, the securities of the former, which had previously stood well in the London market, fell in one day seven per cent., in two days twelve per cent. and in a week nearly twenty per cent." At the close of his work Dr. Bronson refutes the arguments for delaying resumption and offers some suggestive hints as to the epidemic character of commercial crises.

Essays on Political Economy. By FREDERICK BASTIAT. 1877. New York: G. P. Putnam's Sons, 182 Fifth Avenue.

This translation of Bastiat's essays on capital and interest and other topics will be read with the more attention from the circumstance that the inflationists and paper money men in this country have been loudly clamoring against capital, and have been adopting some of the French heresies against which Bastiat directed his powerful and pungent attacks thirty years ago. The Editor, Mr. David A. Wells, has revised the English translation adding a few notes and prefixing an introduction. The volume is made up of five essays. That on capital and interest is followed by a discussion under the title of "That which is seen, and that which is not seen," of the evils that always result from limiting consideration of the effect of an economic law, tax, or institution to its immediate visible influence and ignoring its ultimate consequences, introducing in so doing the illustration which has passed into many languages of the "broken window." Also the question of "what is government?" "what is money?" and the nature, object and function of what is popularly and generally termed "the law," without reference to any particular code or statute. So acceptable, indeed, have these short selected essays proved to the public, that several editions of them have been published in France, Belgium, Germany, Italy, England and the United States.

Control of Railways by the General Government: By JOHN A. WRIGHT. Philadelphia: Railroad World. 1877.

The author of this pamphlet urges upon the public attention certain evils of railroad corporations, and points out the benefits which these corporations are capable of conferring upon the productive growth of this country. Most of the evils, he thinks, may be surmounted and most of the advantages secured by a very simple panacea. He would have the railroads purchased and operated by the Government. The public will not, we suppose, think as well of this remedy as does Mr. Wright. It is not only unpopular and impracticable but it lacks novelty. In the United States we shall never get control of the evils which Mr. Wright points out, if the method of cure which he flatters himself that he has disclosed is the only one by which the trouble can be met. He complains of the popular "repugnance" to government interference with railroads and other corporations. To a proper control there is no unconquerable repugnance except in very limited and uninfluential circles. Our people are too intelligent not to see that outside of narrow limits there is little work which government could do to aid and secure honest raliroad management, and that if there were more, we could not, in this country, with our methods of election, secure officials capable of doing such work honestly and well

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The ABC of Finance. By SIMON NEWCOMB, LL.D. New York: Harper & Brother. 1878.

We wonder that this admirable little book has not attracted the notice of some of our philanthropic citizens during the last agitation of the greenback question in the West. A cheap edition scattered freely among the working population of Wisconsin, Illinois, Iowa, and other Western states could scarcely have failed to do immense service. The work would be the more useful because of its lucid, calm and instructive style. It begins by telling what society does for the laborer. It shows how, in civilized life, the worst paid, frugal mechanic can command an amount of comfort, and can secure certain intellectual, moral, religious, and material conditions of progress to an extent which is little appreciated by those modern demagogues who look on the evils of society and shut their eyes to the far more numerous and more important benefits it confers. Mr. Newcomb discusses the question of capital and labor and of starvation wages, and shows that strikes are not the proper remedy for the evils which they attempt to cure. Strikes he says, very justly, have usually caused an amount of privation, misery. and even death, as well as of injury to the productive forces of the nation for which no good trades-unions have ever done can compensate. He adds that "however we may admire the heroism of the men engaged, we must not forget that their war has generally been waged against the very instrumentalities designed to feed, clothe, and shelter them." After these preliminary statements Mr. Newcomb discusses the paper money theories, shows that they lead to enormous evils by depreciating and disturbing values, and concludes with citing history and experience to prove that gold and silver are the only stable basis for any system of currency. A part of the "lessons" of which this book is made up, appeared in a weekly newspaper, and have been re-

printed in part by the journals of various sections of the country. The whole book is well worthy of extensive circulation, both among the classes above referred to, and generally among those persons who desire to form clear views on monetary subjects, and on the relations of labor and capital.

Economics, or the Science of Wealth. By JULIAN M. STURTEVANT, D.D., LL.D. New York: G. P. Putnam's Sons. 1877.

Economics, according to the book before us, is a science logically developed from a single law of nature. Professor Sturtevant claims for economics its place among the universal sciences like ethics, esthetics and physics. His definition is that economics is the science of wealth. All wealth, he says, is either power to labor or the product of labor performed. But power to labor is profitless unless exerted; hence, the first questions in the economic arena are—what are those forces in human nature itself by which man is excited to exertion, and what are those devices and arrangements by which his natural powers are aided and rendered efficient. These two questions exhaust the introductory part of the science which concerns production. The second portion of the science is called exchange. The law of exchange grows out of the law of ownership, and is based on the circumstance that, for the most part one man produces only one or at most a very few things, and must therefore supply his own multifarious wants by exchanging his work for the work of other men. The third part of the science is devoted to the laws of distribution which determine in what proportion the wealth of the world is distributed among all those who are concerned in its production.

To these three laws Professor Sturtevant hardly thinks it necessary to add, as is usual in other treatises, a fourth law, that of consumption. This fourth part of the science, he says, belongs rather to the science of ethics, inasmuch as we cannot judge what man wants except in view of the destiny for which he was made. And having settled this question he says "it would next be incumbent on us to inquire by what application of his powers he may most surely and completely attain this destiny." In conformity with this theory Professor Sturtevant gives the first fifty pages of his book to the subject of production, including the questions of capital and labor. He then devotes about a hundred pages to exchange including money and credit, monopoly and free trade. The last half of the volume is devoted to distribution and treats of wages, the ownership of land, the rate of interest and profit, the effects of competition, the growth of population, socialism, pauperism, taxation, and the functions of government in regard to wealth. The most valuable part of the book is the brief chapters on value and its fluctuations. If the writer had given to the fruitful and suggestive question of supply and demand and its influence upon value and wealth, one half of the attention which he has lavished upon more sterile topics he would not have mutilated his treatise by the omission of the great subject of "consumption" which has always been regarded one of the fundamental parts of the science of economics. His book, however, may be studied with advantage, not only for what it contains but for what it omits and its definitions are always instructive and clear.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. INTEREST UPON INTEREST.

Where a note is drawing interest at eight per cent., and is past due, can the holder legally claim interest on the interest since the maturity of the note? If so, can it be computed at eight per cent., the legal rate when specified, or would it have to be computed at six per cent., the legal rate in this State?

REPLY.—Compound interest, or interest on the interest due at the maturity of a note, cannot, in general, be cast, unless there is a special agreement made after the interest has become due. The inquiry above being from Ohio, is settled by the decision in the case of *Marietta Iron Works* vs. *Lottimer*, 25 Ohio St. Rep., 621. In the absence of any agreement, if the interest in such a case as this can be cast at all, it must be at six per cent. and not at eight per cent.; because it is allowed as damages for the delay in paying the over due interest, and not by virtue of any contract to pay interest on interest.

Whether the principal of a note like this bears interest after maturity at the contract rate or the statute rate, is a matter which, independently of usury laws, varies in different States.

In Ohio, Massachusetts, New York, Iowa, Nevada, Connecticut, Arkansas, California, Indiana, Texas, some other States and England, it is at the contract rate.

In the Courts of the United States, Alabama, Minnesota, South Carolina, Kansas, Wisconsin and probably some others it is at the statute rate.

The Ohio rule is, perhaps, the fairer; but the other rests on sound legal principles. What the creditor is entitled to recover, when a note contains no contract for interest after maturity, is the amount due at maturity and damages for its detention. Those damages are the same in this case as in any other, to wit, interest at the legal rate.

In New York the decisions are conflicting. The Court of Appeals, in *Ritter* vs. *Phillips*, 53 N. Y., 586, declined to decide the point, but intimated that the law is as we have stated it above.

II. RIGHT OF BANK TO REFUSE PAYMENT OF CHECK.

On September 14, 1877, a person by the name of C made a check on the Z Bank, for $2,136 (twenty-one hundred and thirty-six dollars). In the body of the check C left out the word *hundred*, making it read twenty-one and thirty-six dollars. The Z Bank protested this check (which I had enclosed to them direct) on account of the informality in drawing. The protest notice and the protest stated that fact, also the cashier's letter to me. In the meantime, C broke up in debt to the Z Bank, which then refused to pay me the money, on the ground that C did not have any funds on hand to pay with. At the time C made this check, he had on deposit at the Z Bank, more than money enough to pay it. At the time the check was received at the bank, there were funds to pay it with; and afterwards, these funds were appropriated by said bank to pay other checks, and to protect themselves against loss by C. Now, who should have this money, I, or the Z bank?

REPLY.—Whether this was a good check for $2,136, would depend upon C's intention in drawing it.

But the bank properly refused to pay without further instructions, because, if it had, it must have assumed the burden of proving, in case a dispute should have arisen, that such was C's intention. This it was not called upon to do.

Aside from this question, we think you have no claim upon C's funds as against the bank because: 1st. Drawing a check upon a bank does not amount to an assignment of the drawer's funds therein, unless, perhaps, where the check be for all the funds of the drawer, which was not the case here.

2d. The payee of a check can maintain no action upon it against the bank, unless it has been certified or otherwise accepted. The bank's contract is solely with its depositor. It agrees with him that it will honor his checks, and is liable to him alone for any damages which he may suffer by reason of its refusal to do so without sufficient cause.

III. ACCOMMODATION INDORSEMENTS, COLLATERAL NOTES, ETC.

(1.) A gives his judgment note to B for $3,000, at four months, with C as surety; also pledges as collateral security, D's note in favor of A, for $3,000, at four months, endorsed by E as cashier of a co-partnership; the endorsement being accommodation for which A puts up collateral security for said endorsement upon D's *commercial* note. At maturity, B proceeds upon the judgment note and collects $2,000 from C, leaving unpaid $1,000.

In an action by B, against E, as endorser of the commercial paper, is B entitled to a judgment for the full amount of said note? Or is he only entitled to a judgment for the balance upon the judgment note?

(2.) Is B a *bona fide* holder—he having received said note before maturity without notice, but only received it as collateral? Say that said note was executed on Sunday, endorsed by E on Sunday, dated on a secular day, and delivered to B on a secular day, and nothing upon the face of said paper to indicate that it was executed and endorsed on Sunday, is B an innocent holder, and can he recover thereon?

(3.) Can E claim the benefit of any usurious interest which the judgment note may contain?

REPLY.—(1.) B took the second note as collateral security merely, and he cannot *equitably* recover, upon that note, more than the balance due upon the judgment note, the payment of which the second note was given to secure. If B's suit is brought in a Court where equitable defences are allowed, his judgment will be limited to the balance due upon the judgment note.

(2.) A note takes effect only when delivered, and this note, having been delivered on a secular day, is good though made and indorsed on Sunday.

In common language, he is a holder, *bona fide*, who takes a note before its maturity, for value, in the usual course of business, without notice of any defences between the parties to it, and without negligence when put upon his inquiry as to the existence of such defences. B is a *bona fide* holder in this sense.

(3.) This is a nice question, but we think that E may legally claim the benefit of the usurious interest. E is an *accommodation* indorser upon the collateral note, and can be charged upon that indorsement only, by some one to whom A has negotiated it for a valuable consideration. A has chosen to deliver the note to B as security for a loan tainted with usury, and E, as regards B, becomes, in effect, a surety for A's payment of that loan. It is well settled that a surety may take advantage of usury between the lender and the principal debtor.

IV. Is Indorsement of Party Presenting a Draft Obligatory?

We issued our "Certificate of Deposit" to A. B. C. for $1,000, "payable to the order of himself, on the return of this certificate properly indorsed."

The payee deposited it, after indorsing it, in First National Bank here, who presented it for payment to us, *without their indorsement*.

Now, had we not the right to refuse payment until *they did* indorse it, even if we were satisfied that A. B. C's signature was genuine? (Such being the custom of banks, to indorse each and every piece of paper) Or, were we compelled to pay it on A. B. C's blank indorsement alone?

Reply.—You had no legal right to require the bank's indorsement. The certificate was returned to you "properly indorsed," when it was presented for payment by the bank, with the blank indorsement of the payee. That indorsement made the certificate payable to bearer, and the maker of a note or other negotiable instrument, which is, or may become, payable to bearer, has no right to require the indorsement of the person who presents it for payment. His duty is to pay upon the presentment and delivery of the instrument. Such an indorsement would only amount to a receipt, or evidence of the payment to the person presenting the certificate, and the law does not allow a debtor to demand a receipt of his creditor as a condition of payment. We do not think the custom referred to can affect the rights of the parties, notwithstanding that it may be said to be an almost invariable rule among banks and bankers.

V. Loans Upon Warehouse Receipts.

1. When warehouse receipts for cotton, or other produce, are deposited with a banker or an individual to secure a loan, is anything more necessary than to deliver to the lender a plain promissory note, together with such receipts, the lender receipting for the collaterals?

2. Is it usual or necessary to insert in the note a description of the collaterals as contained in the warehouse receipts, with conditions etc?

3. In a case where a plain note is given and receipts deposited merely, will the law, as now adminstered, allow parol proof to connect such receipts with the note?

Reply.—1. No.

2. It is not necessary, but is very common, in such cases, to use a form of note containing a description of the collaterals, provisions for their sale etc, upon default of the borrower. Such a deposit of warehouse receipts works in the law a pledge of the property, which they represent, as security for the note. If the pledge is made, without such provisions, and the lender is obliged to look to the property for payment of his debt, he cannot safely dispose of the pledge until he has duly foreclosed the rights of the pledgor in it, by process of law. This is often a tedious process, and it is plainly for the advantage of the lender to be able to dispose of the collaterals at once.

3. It will. The lender holds the borrower's property, and there is no rule of law which prevents his showing, by parol evidence, the terms and conditions upon which that property is held by the lender.

[*Note.*—A number of inquiries, which have reached us too late for reply this month, shall have attention in our next number.]

BANKING AND FINANCIAL ITEMS.

THE BANKER'S ALMANAC AND REGISTER for 1878 will be ready for subscribers about the 20th of January. The announcement of a semi-annual issue of the Bank Lists has been received with general satisfaction. In addition to the contents already announced the ALMANAC AND REGISTER will contain a summary of the Statutes of Limitation of the several States and Territories, compiled especially for this volume, and to be found in no other. The price remains as heretofore, Three Dollars.

CARELESSNESS IN CORRESPONDENCE.—It is to be supposed that of all classes of business men, bankers are among the most careful in conducting their correspondence, but among the letters received at this office during November and December, there have been a number of singular instances of forgetfulness and haste. Of the "advance proofs" of the Banker's Almanac and Register for 1878, sent to each bank and banker, at least one hundred were returned without the slightest mark or indication to show from which one among the forty named on the page, it came. With several of these were enclosed also remittances in *currency!* One letter contained a check, intended for three dollars, but filled up "three hundred dollars." Two enclosed checks signed *in blank*, and in several instances a check came not signed at all.

We take occasion also to call attention to a practice, of daily occurrence, which seems to us exceedingly loose and un-business-like. Either accompanying a remittance, or to serve as a reply to some special inquiry from this office, or perhaps to indicate from whom comes some item of information kindly furnished, we receive the printed letter-heading, *entirely in blank*, of the bank or banker to whom it belongs. In view of the frequent and often successful attempts at fraud and forgery, this imprudence ought not to be permitted. No matter howsoever worthy of confidence may be the party to whom such blanks are sent, the possibility exists that they might fall into improper hands and serious trouble ensue. We suggest to our readers that they at least cancel with pen marks their blank letter-headings before suffering them to leave their hands.

CALLS OF FIVE-TWENTY BONDS.—The Secretary of the Treasury issued on December 6th a call, the fifty-fifth, for $10,000,000 five-twenties of 1865, of which $4,000,000 are registered and $6,000,000 are coupons. Interest will cease March 6, 1878. The bonds bear the following numbers all inclusive:

Coupon bonds dated July 1, 1865:—$50; No. 44,001 to No. 50,000, $100; No. 76,001 to No. 85,000, $500; No. 57,001 to No. 60,000, $1,000; No. 96,001 to No. 108,000. Total, $6,000,000.

Registered bonds, redeemable at the pleasure of the United States after July 1, 1870:—$50; No. 1,601 to 1,750, $100; No. 13,101 to 14,100, $500; No. 8,300 to No. 8,700, $1,000; No. 27,401 to No. 28,750, $5,000; No. 7,651 to No. 8,050, $10,000; No. 13,551, to No. 14,850. Total, $4,000,000. Aggregate, $10,000,000.

NEW YORK CITY.—The stockholders of the Tenth National Bank, having voted unanimously to go into liquidation, in accordance with the advice of the Directors, the bank has ceased to do business.

DIVIDENDS.—The following dividends payable in January have been declared by city banks, viz:

	Per cent.			Per cent.
Bank of America	4	..	Metropolitan National	5
Bank of New York N. B. A.	3½	..	National Broadway	8
Chatham National	3	..	National Park	3
Fourth National	3	..	Oriental	5
Hanover National	3½	..	People's	4
Irving National	4	..	Phenix National	3
Mechanics' National	4	..	Tradesmen's National	4
Merchants' National	3½			

NEW YORK.—At a meeting of the board of directors held on December 8th, Mr. George Van Derwerker was appointed an Assistant Cashier of the Importers and Traders' National Bank, Mr. E. Townsend, heretofore assistant cashier, retains the same position. This is, we believe, the only bank in the country having two assistant cashiers.

SUSPENSIONS.—The National Trust Company of this city has been closed, after examination by the Bank Department, and Mr. William J. Best, the Bank Examiner, was, on December 14th, appointed its Receiver. In his report to the Bank Department, Mr. Best charges the officers of the Trust Co. with gross irregularities and violations of its charter, whereby its capital has been impaired not less than $700,000. Bad investments in railroad bonds have mainly caused this loss. The amount due depositors is over $1,600,000, all of which will be paid in full.

The Oriental Savings Bank has been closed at the request of its trustees. The causes assigned are depreciation of real estate on which money had been loaned, and the withdrawal of deposits occasioned by the hard times.

Messrs. Greenbaum Brothers & Co., bankers, of No. 1 Nassau Street, were compelled to close their doors on December 6th. The failure of the German National Bank of Chicago, of which Henry Greenebaum is president, led to the suspension of Henry Greenebaum & Co., of that City. The firm here, in consequence, could not meet their drafts, and were compelled to make an assignment. Their indebtedness is about $280,000, which they think will be covered by the assets here and in Chicago. The Chicago firm is twenty-four years old and the New York one about nine years. Since the suspension the three brothers Greenebaum have gone into bankruptcy.

As we go to press the failure is announced of Netter & Co., brokers at 52 Exchange Place. They had formerly been in very good credit from the respectability of their connections. It is charged that some of their recent transactions have been rather questionable. An assignment was made by the firm, on December 26th, to Julius Wehl.

ILLINOIS.—The Springfield Savings Bank closed on December 18th. Its liabilities are $162,000, chiefly to small depositors. Most of the directors are wealthy, and it is stated that all liabilities will be settled in full. The bank has been doing business ten years.

Chicago.—The directors of the German National Bank decided, after business hours on December 5th, to go into liquidation, and accordingly issued to the depositors a card, stating that in the course of business the bank had on July 1, 1877, $1,157,000. Since that time their customers had, for various reasons, reduced the amount to $182,000, which is the total liability to depositors. The bank has, they claim, abundant assets to pay every dollar to the depositors and had a handsome surplus if a little time is given to convert the assets into cash. They, therefore, request the depositors to forbear drafts for a short time, thus avoiding unnecessary delay and the expense of a receiver. The President of the bank is Henry Greenebaum, and the cashier is Herman Schaefer.

The officers of the German National Bank expect to pay the depositors in full within a few days. The stockholders will probably lose about $250,000.

Judge Moore has appointed O. H. Horton receiver of the German Savings Bank, whose suspension followed that of the German National.

It is supposed that W. F. Endicott, President of the suspended Central National Bank, has left Chicago not to return, having transferred to the bank his shares of stock, and taken cash instead. The receiver reports that his investigations have disclosed much questionable action on the part of the management, and it is doubtful whether more than a very small dividend will be declared. The assets are about $433,000, of which $90,000 are of face value, $150,000 worthless, $47,000 in cash, and the rest doubtful. Some of the stockholders are responsible men, but the standing of a large number is unknown, as they live in Eastern cities.

The German American Bank of Chicago decided on December 11th to suspend payment and go into liquidation. Its liabilities to depositors are $65,000, assets $108,000. Stockholders will lose about fifty per cent. The capital stock was $135,000, and the bank has been gradually decreasing its indebtedness for a year.

INDIANA.—The Second National Bank of Lafayette suspended on November 28th. The cause of the suspension is the defalcation of the cashier, Charles T. Mayo. Mr. Mayo was confined to his house by sickness, and he sent a note to the President of the bank, Daniel Royse, notifying him of his defalcation. A meeting of the Directors was called, and a suspension decided upon. A notice was posted upon the door to the effect that the Directors had decided it to be for the interest of all concerned that the bank should suspend; that the assets were ample to pay all depositors, but could not be converted into cash in time to prevent the suspension; that an examination of the books would be made and a statement published immediately. The money was realized by drafts on correspondents, and the full amount can not be ascertained until these correspondents are heard from.

The investigations of Bank Examiner Lynch shows: Total resources, face value, $489,499; total liabilities, exclusive of capital stock, $266,456. Cashier Mayo's defalcation amounts to $58,687. The bank stock and notes turned over may not cover this amount, but his bond is ample to make up all deficits.

MASSACHUSETTS.—The Savings Bank Commissioners of this State have enjoined the Taunton Savings Bank from doing further business. According to an official statement the bank has assets to the amount of $1,404,513, with liabilities amounting to $1,353,763. The weak condition of the bank is due to a depreciation of loans on mortgages. It is believed the depositors will ultimately lose nothing.

NEW JERSEY.—The Newark Savings Institution, Newark, the largest and oldest in the city, chartered thirty years ago, has been taken charge of by the chancellor on petition of its managers, so as to secure an equal distribution of assets among depositors, and prevent unfairness from a possible run. It has about $12,000,000 assets, including depreciated securities, and $2,000,000 government bonds. The deposits are $11,000,000. The chancellor ordered the payment of eighteen per cent. of the principal to depositors who should apply for it.

Efforts are being made to arrange the affairs of the Camden Savings Bank, Camden, N. J., satisfactorily to all concerned. Its deposits, which amounted to $250,000, have been impaired, in the judgment of the examiner, about $50,000 by unfortunate investments. Judge Dickerson has been petitioned, under the provisions of the statute, to make an examination, and scale down the deposits to a sound basis.

NEW YORK.—Twelve suits against the stockholders of the defunct Wallkill National Bank, involving nearly $20,000 for lost bonds, have been arranged between the claimants' attorneys and the receiver of the bank, and approved by Comptroller Knox. The conditions are that the suits be withdrawn upon the payment of twenty-five per cent., reimbursing the depositors, and meeting other claims. The capital stock of $100,000 has been exhausted and an assessment of thirty per cent. has become necessary.

Dewit C. Cox, ex-cashier of the First National Bank of St. Johnsville, N. Y. was arrested on December 15th at that place, on a charge of making false statements in 1875, with intent to defraud and deceive that banking association and the agent appointed by the Government to examine into its affairs. Cox was brought before the United States Commissioner at Albany and gave bail in the sum of $5,000 to appear for examination.

Troy.—The National Exchange Bank of Troy has, on resolution of the stockholders, gone into voluntary liquidation. The capital stock of the bank is $100,000. All its liabilities will be promptly paid.

PENNSYLVANIA.—The trustee of the late Producers' and Manufacturers' Bank of Titusville, Pa., which closed its doors some three years ago owing more than $500,000, announces that he is prepared to pay all outstanding claims against the bank on demand and in full.

Reading.—A. F. Boas, the cashier of the suspended Reading Savings Bank, was arrested on December 5th on the charge of embezzling over $25,000 in the past two years. A writ of habeas corpus was granted, the prisoner giving $25,000 bail. Executions on suits already brought were issued, and the constable levied upon the furniture and fire and burglar proof safes of the bank. A petition to throw the bank into bankruptcy has already been signed by parties representing more than the required amount.

COUNTERFEITS.—The Comptroller of the Currency will issue no more notes of the denomination of five dollars to the First National Bank of Hanover, Pa., nor to the First National Bank of Tamaqua, Pa., dangerous counterfeits of said notes having recently been put in circulation. All five dollar notes of these banks should be refused and any already held should be forwarded to the Redemption Agency of the Treasury Department.

SOUTH CAROLINA.—The finances of this State seem to be in much better condition than has been apprehended. The tax of seven mills, which was authorized last spring, was expected to produce $103,000 for each mill, but has produced $117,000. During the last six months the state has paid off the loan of $40,000 contracted by Governor Hampton by authority of the Legislature earlier in the year. Every appropriation made at the extra session has been paid, except the appropriation for the interest on the Consolidation debt for the year 1877, and this appropriation, amounting to $263,000, lies in the State Treasury, awaiting the order of the General Assembly for its disbursement. Beside this, there is in the Treasury an unappropriated cash balance of $100,000 available for current expenses.

Usury Law.—A bill to re-enact the usury law passed the South Carolina House of Representatives on December 11th, by a vote of seventy-three to sixteen. It prohibits the collection of interest beyond seven per centum, but imposes no additional penalties and does not interfere with the existence of contracts. Governor Hampton has approved the measure, which had already passed the state Senate.

CANADA.—The following banks have declared dividends for the current half year as below, viz., Bank of Montreal, six per cent. ; Canadian Bank of Commerce, four per cent. ; Exchange Bank, three per cent. ; Union Bank of Lower Canada, two per cent. ; Banque de Hochelaga, three per cent. ; Banque Ville-Marie, three per cent. ; Standard Bank, three per cent. ; Bank of Toronto, four per cent.

CHILI.—The failure of Cross & Co., of Valparaiso, has been followed by the stoppage of the well-known Thomas Bank, with liabilities of over $2,000,000. It is expected that the consequences of this failure will be most disastrous, on account of the large number of its deposit accounts and the great confidence the house has enjoyed for many years past.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from December No., page 488.)

State.	*Place and Capital.*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
N. Y. CITY		Jas. M. Drake & Co., Drexel Building.	
CAL.	Healdsburg	Farmers & Merchants' Bank.	Drexel, Morgan & Co.
	$25,000	E. Harrison Barnes, *Pr.*	Richard H. Warfield, *Cas.*
GA.	Rome	Frost & Panchen	National Park Bank.
ILL.	Chrisman	Standiford Brothers	Chemical National Bank.
"	Marion	Evans, Pace & Co.	Gilman, Son & Co.
IND.	Kokomo	Howard Nat. Bank, (2375).	....
	$100,000	Richard Nixon, *Pr.*	Wm. P. Vaile, *Cas.*
IOWA	Holland	Henriques & Rice	John J. Cisco & Son.
"	Nora Springs	Farwell & Co.	Chase National Bank.
KANS.	Beloit	Bank of Beloit	Donnell, Lawson & Co.
	$25,000	A. N. Schuster, *Pr.*	S. A. Walker, *Cas.*
"	Washington	Frasius & Curtis	Corbin Banking Co.
KY.	Richmond	Second Nat. Bank, (2374).	....
	$90,000	W. M. Irvine, *Pr.*	J. Stone Walker, *Cas.*
LA.	Monroe	Lewis D. Allen, Jr.	Kelley & Alexander.
MASS.	Boston	F. H. Peck	Trask & Stone.
MICH.	Belding	W. N. Pettee & Co.	....
"	Marcellus	Exch. B'k, (G. W. Jones.).	First National Bank, Chicago.
MINN.	Dover	Dover Bank	(*None.*)
	$25,000	Charles Gerrish, *Pr*	Emerson D. Dyer, *Cas.*
MISS.	Starkville	Bank of Starkville, (H. C. Powers, *Cas.*)	Donnell, L. & Co.
NEB.	Humboldt	Br. Farmers' State Bank	Kountze Brothers.
		D. Remick, *Pr.*	M. A. Rice, *Cas.*
"	Wilber	Saline County Bank, (W. C. Henry.)	....
N. Y.	Salamanca	Barse, Morris & Co.	....
PENN.	Philadelphia	Grant & Aull	National Park Bank.
"	Elk City	Elk City Bank	B. K. Jamison & Co., Phila.
		H. B. Huff, *Pr.*	W. A. Huff, *Cas.*
TEXAS	Huntsville	Angier & Branch	Hanover National Bauk.
"	Round Rock	M. D. Miller	Donnell, Lawson & Co.

THE PREMIUM ON GOLD AT NEW YORK.

NOVEMBER—DECEMBER, 1877.

1876.	*Lowest.*	*Highest.*	1877.	*Lowest.*	*Highest.*	1877.	*Lowest.*	*Highest.*
December	7	9	Nov. 28	2¾	3	Dec. 12	3	3¼
1877.			29	Thanksgiving.		13	3¼	3⅜
January	5¼	7⅛	30	2¾	3	14	2⅞	3⅛
February	4⅝	6				15	2⅝	2⅞
March	4¼	5⅜	Dec. 1	2⅞	2⅞	17	2⅝	2¾
April	4¾	7⅞	3	2¾	2⅞	18	2¾	2⅞
May	6¼	7⅜	4	2⅝	2¾	19	2¾	3
June	4¾	6⅜	5	2½	2¾	20	2¾	2⅞
July	5⅛	6⅛	6	2½	2⅝	21	2⅝	2¾
August	3⅞	5½	7	2⅝	2⅞	22	2⅝	2¾
September	2⅞	4	8	2¾	2¾	24	2¾	2¾
October	2½	3⅜	10	2¾	3⅛	25	Christmas Day	
November	2½	3⅜	11	3	3⅛	26	2¾	2⅞

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Authorized November 21 to December 19, 1877.)

No.	Name and Place.	President and Cashier.	Capital. Authorized.	Capital. Paid.
2374	Second National Bank......... Richmond, KY.	W. M. Irvine............. J. Stone Walker.	$150,000	$90,000
2375	Howard National Bank........ Kokomo, IND.	Richard Nixon........... William P. Vaile.	200,000	100,000

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from December No., page 488.)

	Name of Bank.	Elected.	In place of
ILL.....	Mattoon National Bank, Mattoon	Joseph H. Clark, *Pr*..... William A. Steele, *Cas*...	W. B. Dunlap. J. H. Clark.
IOWA....	Dunlap Bank, Dunlap.........	G. P. Morehead, *Cas*.....	G. W. Thompson.
KY.....	Deposit Bank of Owensboro...	John Wandling, *Cas*.....	W. B. Tyler.*
LA.	Mech. & Traders' Bank, N. O..	John H. Ludwigsen, *Cas*..	M. Harris.
MASS...	Central National Bank, Lynn..	Warren M. Breed, *Cas*...	E. W. Mudge.
MICH...	First National Bank, St. Johns.	Galusha Pennell, *Cas*....	G. W. Ball.
MO.....	Provident Savings Institution, St. Louis	Carlos S. Greeley, *Pr*.... Almon B. Thomson, *Cas*.	W. Groshon. S. A. Ranlett.
N. J....	North Ward Nat. B'k, Newark.	William Titus, *Pr*.......	H. M. Rhodes.
OHIO ...	Citizens' National Bank, Piqua.	Henry Flesh, *Cas*........	H. C. Landes.
PENN...	Stroudsburg Bank, Stroudsburg.	William Wallace, *Pr*....	S. Stokes.
TENN ..	Emmet Bank, Memphis........	William A. Hill, *Cas*....	W. Y. Hamlin.
VT.	National Bank of Newport.....	Robert J. Wright, *Cas*...	C. W. Scott.
VA.....	Farmers' Bank, Norfolk.......	Caldwell Hardy, *Pr*.....	F. Hardy.
WIS....	Savings Bank of Fond du Lac..	M. H. Galloway, *Pr*.....	E. Pier.*

* Deceased.

RECENT CHANGES OF TITLE, ETC.

(Monthly List, continued from December No., page 489.)

ILL..... Burnham, Scott & Co., *Champaign;* now A. R. Scott & Co.
IOWA... Henriques & Rice, *Gilman;* succeeded by Bank of Gilman.
MASS.... Rice & Whiting, *Worcester;* dissolved. Now two firms—Rice & Whiting, and Charles B. Whiting & Co.
NEB.... Adams County Bank, *Hastings;* succeeded by A. L. Clarke & Co.
OHIO... Seasongood, Netter & Co., *Cincinnati;* now Seasongood, Sons & Co.
NEVADA George T. Marye, *Virginia;* now George T. Marye & Son.
TENN... Mechanics' Savings Bank, *Knoxville;* to be Mechanics' Bank.
TEXAS.. Mark Latimer, *Ennis;* now Mark Latimer & Co.
" .. Green & Faddis, *Hempstead;* dissolved. Each continues alone.
" .. J. R. Couts & Co., *Waco;* now Henry Warren & Co.
UTAH .. J. W. Guthrie & Co., *Corinne;* now J. W. Guthrie.
WIS.... Sacket & Co., *Winneconne;* succeeded by D. J. Turner.

DISSOLVED OR DISCONTINUED.

(*Monthly List, continued from December No., page* 489.)

N. Y. CITY. Cooke & Colton; dissolved.
" . Greenebaum, Brothers & Co.; suspended.
" . Grinnan, Duval & Co.; suspended.
" . National Trust Co.; closing.
" . Oriental Savings Bank; closing.
" . O. H. Schreiner; discontinued.

CAL.... Bank of San Francisco, *San Francisco;* closing business.
" .. Cosmopolitan Savings & Exchange Bank, *San Francisco;* suspended.

ILL..... German-American Bank, *Chicago;* suspended.
" .. German National Bank, *Chicago;* closed.
" .. German Savings Bank, *Chicago;* receiver applied for.
" .. Henry Greenebaum & Co., *Chicago;* suspended.
" .. Rucker, Hammer & Co., *Decatur;* suspended.
" .. A. A. Glenn, *Mount Sterling;* failed.
" .. Springfield Savings Bank, *Springfield;* suspended.
" .. People's Bank (John Moses & Co.), *Winchester;* winding up.

IND.... Goodland Bank (Spinney & Cones), *Goodland;* sold banking business.
" .. Second National Bank, *La Fayette;* suspended.

IOWA... Capital City Bank, *Des Moines;* suspended.
" .. Gibbs Brothers, *Oskaloosa;* retire January 1, 1878.

KANS... Citizens' Bank, *Falls City;* closed.
" .. The Simpson Bank, *Lawrence;* in liquidation. J. S. Chew, Receiver.

MASS.... Covel & Haffards, *Fall River;* dissolved.
" .. Taunton Savings Bank, *Taunton;* suspended.

N. J.... Newark Savings Institution, *Newark;* in hands of the Chancellor.

MO..... Carondelet Savings Bank, *St. Louis;* in liquidation. Depositors paid at the International Bank.
" .. Watkins Bank, *Kansas City;* sold to Bank of Kansas City.

N. Y.... G. Mercer, *Geneseo;* failed.
" .. New Rochelle Savings Bank, *New Rochelle;* suspended.
" .. National Exchange Bank, *Troy;* voluntary liquidation.

OHIO... W. R. Knowlton & Co., *Newton Falls;* assigned.

PENN... George Baker, *Chester;* suspended.
" .. North Lebanon Savings Bank, *Lebanon;* winding up.
" .. Dollar Savings Bank, *Oil City;* discontinued.
" .. Merchants' Exchange Bank, *Pottsville;* voluntary liquidation.
" .. H. E. Taylor, & Co., *Williamsport;* suspended.

TEXAS.. Peter Floeck, *Houston;* assigned.
" .. Smith & Oliphint, *Huntsville;* assigned.

WIS.... J. A. Farnham, *Wausau;* closing.

ONT.... Bank of Montreal, *Fergus;* closed.

THE NOTARIES' JOURNAL.—We have before us the first volume of an excellent work bearing this title, which is edited by Mr. Robert Owen of this city. It is a quarterly periodical, for Bank notaries and Commissioners, containing cases and statistics relative to the protest of commercial paper, and general information for notaries, officers taking acknowledgments of deeds, members of the legal profession, bankers and merchants. We do not think that there can be found in the same space elsewhere more information upon questions connected with the protesting of written instruments and the duties of a notary, than is condensed within the 150 pages carefully prepared by Mr Owen, whose long experience and prominent ability in the notarial office well fit him for the work he has undertaken. Mr. Owen's address is 110 Broadway. The subscription price is $2.00 per year.

NOTES ON THE MONEY MARKET.

NEW YORK, DECEMBER 26, 1877.

Exchange on London at sixty days' sight, 4.81 *a* 4.81½ *in gold.*

Gold has been steady and quiet. From the premium of three per cent. or a fraction lower, it might seem that there is but a slight descent to par. Still it must be remembered that in France during the highest degree of currency expansion four or five years ago the gold premium never rose above three per cent., and only remained at that point for a brief period. As twelve months only will elapse before the time fixed for specie resumption, it is natural to suppose that the premium should gradually decline, except, indeed, Congress should pass some legislation hostile to resumption. It is supposed by some persons that but for the expectation of some such legislation the gold premiums would by this time have almost disappeared.

Until within a few weeks it seemed as if, contrary to the almost universal precedent of the close of the year, the money market would not receive the impulse of high rates. There has, however, been during the last ten days a brisk demand for money. Loans on miscellaneous collaterals have been quoted as high as 1-32 per day and considerable business has been done at that rate. The advance is chiefly in stock exchange loans on call and on time. In commercial paper there is a fair volume of transactions, and prime paper passes readily current at five to six per cent. To the activity in call loans very little activity attaches and it is regarded as a healthful movement. The advance in all probability would have been much more conspicuous but for two or three circumstances. First, there is and has long been a large accumulation of idle capital here and in all the financial centers. The same plethora continues in London and on the continent of Europe. It is one of the consequences of the depression left by the panic of 1873 that business does not require as much money to carry it on. The great diminution in the volume of transactions has set free a large amount of capital which has accumulated in bank to an extent seldom paralleled before. Hence, a sudden upward current in the rates for call loans can scarcely fail to be speedily followed by a reaction. Indeed, there are already symptoms of a weakening in rates which give considerable irregularity and spasmodic perturbation to the money market. Another point worth

remembering is that the volume of business is small in almost every branch of industrial and commercial enterprise. The agitation of the silver question is supposed to have contributed, with other depressing influences, to check the recuperative activity which seemed to promise two or three months ago.

While these circumstances have tended to keep up the plethora of the money market and to prevent, in some measure, the usual advance in rates, there are other forces at work in a contrary direction. There is a drain of greenbacks and deposits to the interior which indicates a lively demand for money to move the crops. Till recently this demand has been smaller than was expected. In some measure this is due to the fact that the crops have been held back in hope of higher prices. For the general interests of the country, it would have been better if the disposition to sell had been developed earlier. Last week the greenbacks had fallen to the lowest point struck since last January. The movement during the past month will be seen from the following report of the Clearing House banks of New York:

1877.	*Loans.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Deposits.*	*Excess of Reserve.*
Dec. 1	$238,429,600	$18,324,000	$40,579,800	$18,110,300	$196,961,500	$9,663,425
" 8	238,578,200	18,995,000	38,478,700	18,208,300	196,208,300	8,245,625
" 15	237,504,000	19,566,800	37,562,900	18,676,700	195,896,400	8,155,600
" 22	239,764,200	19,674,600	36,067,500	19,293,900	194,842,500	7,031,475

The Clearing-House exhibit of the Boston banks for the past month is as below:

1877.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Nov. 24	$129,445,100	$2,815,200	$5,668,200	$72,594,700	$24,319,700
Dec. 1	128,034,700	2,811,500	5,601,500	71,234,300	24,410,200
" 8	127,951,900	3,004,200	5,647,500	71,309,600	24,637,200
" 15	127,699,700	2,940,800	5,500,500	70,729,800	24,561,400
" 22	128,630,400	2,985,600	5,755,400	71,617,900	24,550,000

The Philadelphia bank statements for the same time are as follows:

1877.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Dec. 1	$59,096,735	$1,335,604	$13,883,237	$47,852,227	$10,702,400
" 8	59,413,830	1,348,366	13,492,620	47,633,389	10,771,713
" 15	59,670,494	1,319,259	13,187,539	46,746,387	10,779,195
" 22	59,466,806	1,344,285	12,938,322	46,402,873	10,848,315

The stock market is dull. Governments are lower in consequence, partly, of the small demand. When the dividends are paid at the beginning of the year, there will probably be an improvement. At present the chief demand is for small amounts on investment orders. The war in the East has caused some or our bonds to come back, of late, from Europe. In London the prices of our funded fives and four and a half per cents. have been depressed and our foreign bankers, finding they can make a profit, bought them up for this market. We are inclined to attribute the reduction in quotations of our bonds in London less to the silver agitation than to the causes we have mentioned. In 1876 we imported a hundred millions, at least, of U. S. bonds from Europe. This year it is estimated that we have not imported more than seventy millions. Hence, if the war between Russia and Turkey should continue to agitate the London market and should cause the return of thirty millions more of our governments, the movement in the aggregate would still scarcely equal that of 1876, when there was no silver agitation to which it could be ascribed. For these and other reasons it appears that, as yet, our government credit abroad

has not seriously declined from this cause. Whether it may decline in future remains to be seen.

In southern state bonds there is little doing. The funding movement of the syndicate to which we referred last month, is not making much progress. It has met with unexpected difficulties—in Tennessee especially, as well as in South Carolina, and in other states the prospects are not so bright as they were. Railroad bonds are strong and the best trunk lines are higher. In railroad shares there has been a feverish excitement without much activity. The transactions, indeed, are very small. Subjoined are the usual quotations:

QUOTATIONS:	*Nov.* 27.	*Dec.* 4.	*Dec.* 11.	*Dec.* 18.	*Dec.* 24.
Gold	103	102⅝	103	102¾	102¾
U. S. 5-20s, 1867 Coup.	109⅛	109⅜	109¼	108⅞	108⅜
U. S. new 10-40s Coup.	108⅜	108¾	108⅝	108¼	107¾
West. Union Tel. Co.	78	77¼	77⅞	77⅜	76¾
N. Y. C. & Hudson R.	106½	105⅞	107	105⅛	105⅝
Lake Shore	65⅜	59¾	59¼	59⅜	60½
Chicago & Rock Island	100¼	100	100¾	101½	100
New Jersey Central	13¾	13	13¼	13	13⅜
Del. Lack. & West	50½	49	50⅝	51	50⅝
Delaware & Hudson	47⅜	47	52	2½	52¾
North Western	36⅜	34⅜	34⅜	34¼	34⅞
Pacific Mail	22¾	22	21½	21⅛	22¼
Erie	9½	9⅝	8⅞	9	8½
Call Loans	6 @ 7	5½ @ 6	5 @ 6	5 @ 7	6 @ 7
Discounts	5 @ 7½	5 @ 7½	5 @ 7½	5 @ 8	5 @ 8
Bills on London	4.81½-4.85	4.81-4.84	4.88-4.85½	4.82½-4.86	4.83-4.86½
Treasury balances, cur.	$40,574,330	$40,448,498	$39,151,937	$36,932,840	$37,006,758
Do. do. gold.	$100,329,611	$103,645,716	$102,606,144	$104,406,720	$103,104,525

There is little doubt that if a judicious effort had been made a few years ago for the adjustment of the Southern State debts it would have have had better chances of early success. The people of some of the States have now become accustomed to repudiation. The total aggregate of the defaulted debts of Southern States is $195,000,000, as will be seen from the subjoined table:

DEFAULTED SOUTHERN STATE DEBTS.

	Total Debt Issued.
Alabama Educational Fund Indebtedness	$25,464,470
Arkansas	17,306,822
Florida	5,219,600
Louisiana	27,185,433
North Carolina	29,547,045
South Carolina	20,648,835
Tennessee	25,037,000
Virginia	44,728,696
Total	$195,137,901

The proposed arrangements for the funding of the Tennessee bonds have met with much opposition. The State Senate on the 22nd inst., passed a bill to compromise the state debt at fifty cents on the dollar, and a graded interest at 4,5 and 6 per cent. The bill is now in the House. The debt of Tennessee originated in the issuing of bonds in 1833 to the Union Bank of Tennessee. In 1834 bonds amounting to $500,000 were issued to the Nashville, Murfreesboro & Shelbyville Turnpike Company. The policy of extending aid to various corporations was so well sustained that during the years from 1838 till 1851 bonds were issued to more than forty different

companies. The state has issued in bonds over $67,000,000, a part of which, of course, has been liquidated. The debt as it now stands is about $23,000,000. The reduction of fifty per cent. would reduce the principal to $11,606,333, or with the six per cent. interest added the amount would be $12,302,712. The assessed taxable property of the state for 1877 is $236,799,580. It is said that the proposed bill will probably become law, funding the debt in a 30 year bond at fifty cents on the dollar, with interest at four per cent. for the first five years, five per cent. for the next five years, and six per cent. for the remaining twenty years. The coupons are not receivable for taxes. There are at present two classes of opponents to this measure; first, the bond-funding association who contend for 6 per cent. interest for the whole of the 30 years and, secondly, the masses of the people of whom the majority seem not to be favorable to paying the debt at all.

To illustrate the movement of the bank reserves during the last two years in our Clearing House banks the subjoined table of the aggregate specie and greenbacks has been prepared for the years 1876 and 1877:

	1877.		1876.	
Week Ended.	*Total Reserve.*	*Surplus Reserve.*	*Total Reserve.*	*Surplus Reserve.*
Jan. 6..	$73,654,000	$18,458,100	$63,478,200	$10,773,155
" 13..	76,780,300	20,813,225	67,871,600	13,856,970
" 20..	81,103,700	24,268,000	69,141,100	14,810,055
" 27..	82,438,200	24,781,800	70,511,700	15,505,720
Feb. 3..	81,610,200	23,837,275	70,927,000	14,799,725
" 10..	79,403,300	21,394,525	72,400,200	16,010,575
" 17..	77,873,800	19,709,100	71,012,700	14,822,150
" 24..	74,088,200	16,760,400	69,719,300	13,634,950
Mar. 3..	71,726,700	14,951,700	69,646,800	13,040,200
" 10..	70,316,900	14,520,050	70,769,300	13,993,600
" 17..	67,688,000	12,233,525	67,977,500	12,831,275
" 24..	66,845,200	11,390,200	65,277,900	11,732,500
" 31..	64,546,800	9,612,075	62,889,600	9,995,325
April 7..	63,765,100	9,203,500	59,037,200	7,038,875
" 14..	64,036,500	9,039,775	58,237,600	6,851,975
" 21..	66,150,500	11,067,650	59,474,100	8,658,500
" 28..	69,399,500	13,674,200	60,165,900	9,533,625
May 5..	73,560,800	16,821,550	58,986,600	7,569,350
" 12..	74,339,200	17,532,700	61,524,400	9,549,325
" 19..	74,304,900	17,643,550	64,089,100	12,090,725
" 26..	74,919,100	18,560,950	66,658,900	14,414,225
June 2..	75,774,200	19,873,800	69,255,300	16,456,100
" 9..	74,519,800	18,585,175	68,789,100	16,081,475
" 16..	74,715,700	19,049,250	69,678,400	17,527,900
" 23..	74,464,600	18,935,575	69,104,500	16,916,550
" 30..	77,812,500	21,190,450	73,070,200	19,056,400
July 7..	79,706,300	21,899,150	77,031,800	21,105,775
" 14..	77,697,000	20,424,925	77,117,600	21,075,725
" 21..	72,479,500	16,776,100	77,879,600	21,703,150
" 28..	71,309,300	16,043,075	78,818,600	22,861,352
Aug. 4..	68,397,900	13,606,250	80,459,300	23,839,350
" 11..	68,125,500	14,267,600	79,775,200	23,146,425
" 18..	66,145,700	12,792,050	77,457,700	20,956,050
" 25..	65,048,000	11,791,425	77,885,500	21,249,775
Sep. 1..	64,160,700	11,798,025	79,922,800	22,774,550
" 8..	65,265,500	12,621,975	80,307,400	22,540,025
" 15..	63,958,900	11,813,300	81,627,300	23,077,775
" 22..	61,729,100	10,048,075	76,567,600	18,658,750
" 29..	58,627,800	8,435,000	73,218,400	16,322,775
Oct. 6..	57,953,700	8,490,350	73,056,800	16,540,425
" 13..	57,407,100	8,114,200	69,016,800	13,535,325
" 20..	56,469,200	7,578,825	66,356,800	11,052,250
" 27..	56,557,500	8,095,325	64,809,200	10,983,450
Nov. 3..	55,467,800	7,376,575	63,790,400	9,942,175
" 10.	57,267,900	8,878,575	61,730,000	8,696,375
" 17..	58,839,700	9,714,325	62,173,500	9,345,025
" 24..	59,717,100	10,658,375	62,294,900	9,811,800
Dec. 1..	58,903,800	9,663,425	60,307,800	8,477,300
" 8..	57,473,700	8,245,625	59,297,300	8,084,600
" 15..	57,129,700	8,155,600	63,479,600	11,848,475
" 22..	55,742,100	7,031,475	63,206,700	11,664,025

It thus appears that the surplus reserve of our banks is now much smaller in amount than it was a year ago. If trade were more brisk and the probable demand for money more extensive there might be room for apprehension; but we are so near the time of the New Year dividends, and of the January accumulation of deposits and greenbacks in bank, that there is not much occasion for fear.

Last month we referred to some figures compiled with a view to show the improvement in the volume of business by the increase in the weekly transactions of the Clearing House. This is one of the best tests that could be applied, and the figures prove that there has really been more doing in London than last year. To exhibit the corresponding facts as to New York we give the subjoined table of average daily currency clearings of our banks since the panic of 1873 and for some months previously:

Week ended.		1877.	1876.	1875	1874. *Million dollars.*	1873. *Million dollars*
Jan.	6	80,911,210	$80,925,192	$91,623,451	76	128
"	13	67,728,057	74,542,438	83,177,931	86	119
"	20	70,826,368	74,914,114	83,248,903	82	117
"	27	70,219,058	66,799,429	72,763,347	70	109
Feb.	3	76,380,426	74,209,783	89,991,907	71	110
"	10	74,364,244	69,409,265	71,734,854	78	137
"	17	74,829,208	74,151,786	72,914,847	73	139
"	24	77,749,849	73,839,783	69,073,401	66	125
Mar.	3	75,729,186	76,345,457	81,198,229	79	136
"	10	72,990,713	66,163,904	84,640,391	70	138
"	17	65,249,394	74,434,014	70,846,408	68	130
"	24	66,910,145	57,909,262	69,906,388	74	109
"	31	56,344,658	58,952,059	100,450,548	71	106
April	7	83,885,681	64,643,805	81,699,453	71	130
"	14	73,221,363	56,297,804	77,049,142	83	109
"	21	68,741,846	63,436,855	74,677,509	87	143
"	28	69,434,940	61,787,517	83,350,100	81	115
May	5	77,916,566	69,545,217	85,606,849	79	116
"	12	72,056,743	63,571,176	74,653,566	71	107
"	19	65,526,934	57,601,582	85,709,546	70	102
"	26	64,106,516	60,185,651	80,023,593	67	96
June	2	55,589,303	67,298,186	96,404,425	74	90
"	9	67,357,541	59,214,585	71,445,323	62	93
"	16	64,880,209	54,560,257	73,123,249	66	89
"	23	60,970,985	55,087,351	70,783,235	71	88
"	30	54,632,203	61,754,622	79,817,063	85	73
July	7	57,653,826	62,612,949	75,625,037	74	95
"	14	65,724,156	54,770,915	64,324,292	64	77
"	21	66,784,706	49,913,228	60,217,397	58	87
"	28	61,485,800	49,159,938	65,456,046	49	86
Aug.	4	65,077,938	56,159,330	60,825,091	56	77
"	11	56,677,040	48,722,417	50,542,294	50	70
"	18	57,459,662	49,236,510	52,985,196	53	71
"	25	70,152,500	51,524,079	50,405,918	54	74
Sep.	1	66,798,988	57,922,083	64,990,444	62	74
"	8	66,211,730	61,427,624	58,788,067	65	92
"	15	63,205,949	58,894,814	68,254,914	67	108
"	22	67,505,379	59,395,660	67,643,886	67	100
"	29	69,894,364	58,496,450	64,063,351	86	50
Oct.	6	71,473,106	72,977,879	67,207,775	80	53
"	13	80,963,708	68,784,502	69,327,638	77	84
"	20	79,694,306	73,055,095	70,623,453	74	58
"	27	72,897,909	66,267,854	74,778,177	65	51
Nov.	3	76,337,609	76,369,804	95,620,099	89	52
"	10	71,601,033	62,290,591	69,230,056	75	66
"	17	66,996,823	66,453,077	69,484,760	88	54
"	24	69,517,403	63,468,709	65,479,048	77	59
Dec.	1	73,902,593	71,839,759	76,760,427	88	65
"	8	81,490,371	66,219,091	70,523,475	77	70
"	15	71,155,965	65,191,722	67,154,267	75	67
"	22	68,734,107	68,912,475	71,566,348	81	68

THE

BANKER'S MAGAZINE,

AND

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THE NATIONAL DEBT AND THE SAVINGS BANKS.

The Committee of Ways and Means have referred to a Sub-Committee the proposition of the Secretary of the Treasury to make the new four per cent. bonds available for small investors such as now place their money in the Savings banks. This suggestion is by no means new. Similar plans have been tried with success in other countries and to some extent in the United States during the war. The heavy losses sustained of late through the failures of Savings banks would, perhaps, give an impulse to the popularity of the scheme proposed by Secretary Sherman, if its details were properly adjusted. In the United States the Savings banks hold deposits amounting to $866,498,452. Last year the aggregate was $891,459,890; in 1875, $849,581,633; and in 1874, $759,946,632. We cite these aggregates from the last report of the Comptroller of the Currency, page 94. They show how steady is the movement of the Savings bank deposits, and how nearly they remain at the same level from year to year. Of course the individual depositors who are 2,395,314 in number are continually moving their savings in and out of bank; but there must be a certain proportion of deposits which scarcely move at all and rest in the savings institutions as a more or less permanent investment. How much is this permanent aggregate? Various estimates have been offered. Few persons set it down below 100 millions, and some place it as high as 350 millions. Whatever be the sum, it constitutes the first portion of the 866 millions of

bank deposits on which Mr. Sherman expects his scheme to operate. Gradually the whole will, he supposes, be absorbed by means of the new four per cent. small bonds. Secondly, there is a considerable proportion of the Savings bank deposits which lie in bank three months or six months or longer, and, if once the new fours become popular, a notable part of said funds would easily invest itself in these Government bonds. On the whole, then, if the new scheme should meet with the highest possible success, we might expect it to absorb out of the Savings bank deposits from 100 millions to 400 millions, according as we select the higher or the lower estimate just cited.

The question arises, however, whether four per cent will be a sufficiently attractive rate of interest to induce the depositors to give up their old habits of putting their money into Savings banks little by little as it accumulates in their hands. It is not easy to break up old customs or to change established methods of investment. The Savings banks pay more than four per cent. and in some of the States considerably more. Another question is as to the safe keeping of the bonds. If, as is probable, coupon bonds were chosen they would be exposed to the risk of loss and the loser would have scarcely any more redress against the finder or the thief than if he had lost a bank note. If registered bonds were chosen the owner would be protected in this respect—that the thief could not sell the stolen bond ; but neither could the owner sell it as easily as a coupon bond, or perhaps for as good a price. In either case these small bonds would probably be quoted at various rates and the owners would rarely be able to sell them at par. The sacrifice which would be entailed on the sale of these bonds whenever the owner wished to convert them into cash, would probably prove an obstacle of sufficient magnitude to prevent this new species of investment from growing rapidly popular among the ordinary class of Savings bank depositors.

During the war, Mr. Chase was very sanguine in his anticipation that the bonds and other securities issued by the Treasury, would attract a large amount of deposits from the savings institutions. We have no statistics to show to what extent this expectation was realized; but there is no doubt that from 1863 to 1870 the small holders of our public debt were more numerous than those of almost any other country. The public debt of Russia, Turkey, Egypt, Spain, Austria and Italy, is held, to a large extent, by heavy capitalists and speculators. The consols of England have never been popularized or made accessible to small holders, although the savings bank deposits of England, amounting to $337,945,570 are all lent to the government at three per cent. interest. Should any new war require a large increase to the British national debt, some efforts might perhaps

be made to place consols within the reach of small investors. The movement in recent years, however, has been the other way. The public debt of England was held in 1865 by only 126,331 persons, giving a share of more than $30,000 to each holder. At present the fund holders of Great Britain are estimated at not more than 115,000. In 1860 the number was 268,242 persons, of whom 94,560 received not over $25 a year, 43,845 received from $25 to $50, 86,808 from $50 to $250; 22,516 $250 to $500; 12,787 from $500 to $1,000; 3,646 $1000 to $1,500; 2,417 $1,500 to $2,200; 1,091, $2,500 to $5,000; 361 $5,000 to $10,000, and 210 holders received over $10,000 each of annual interest. In France, prior to the year 1854, the public debt was held in few hands. But during the reign of the Emperor Napoleon III, six loans were negotiated which effected a complete change and marked a new era for government finance in Europe. It astonished the great monetary potentates and financiers of the old world almost as much as did the like success achieved by our own popular loans at the beginning of the war. Louis Napoleon's plan was, however, different from ours, and adapted itself precisely to the habits of the frugal, industrious nation whom he wished to bind by interest as well as patriotism to the imperial regime. It may be of use to us just now to review the suggestive history of these six French loans and to trace the causes of their success in diffusing among small investors the public debt of France. The first of the loans was in March 1854, and a favorable moment of military enthusiasm was chosen for its issue. The sum asked was only fifty millions of dollars; but nearly 100,000 subscribers came forward and offered twice as much. A few months later in January 1855, $100,000,000 was asked for by Napoleon. When the books were opened the subscription offices were crowded, aad twice as many people subscribed, their offers aggregating four times as much as to the first loan. Again the method was tried in July 1855, for $150,000,000, when $730,000,000 was offered by 316,976 persons. Three other loans were negotiated with the same success, the last of which, on August 20, 1868, was the most successful of all, being negotiated at a high price, and commanding subscriptions from three quarters of a million of people.

Such was the French improvement in Government finance under the Second Empire. The new principle on which it rested was that the loans were made accessible to the masses of the people. Frugal persons of small means were invited to record directly their own inscriptions in the *Grand Livre* of the public debt. As Napoleon could not get the great princes of the money market to deal with him on such terms as he wished, he determined to throw aside the old methods of contracting with one or two millionaire firms and offered his

loan to the millions of citizens who had never held Government bonds before, and to whom the new *rentes* were attractive, not only by their novelty, but from their lucrative returns. Three per cent. was the nominal interest, but the subscription price was such as to yield five per cent. on the investment. The novel plan was also introduced of allowing payment by instalments, extending over fifteen or eighteen months, ten per cent. being payable on allotment, and ninety per cent. in fifteen monthly instalments. This arrangement was admirably adjusted to attract the masses of the people and to bind them to the cause of order and stable Government. A subscription for ten francs of rente or two dollars a year interest was the smallest subscription taken. For this the first instalment was four dollars and the whole subscription forty dollars. A discount of four per cent. being allowed if the whole of the instalments were paid at once. In the war loans of the United States the minimum subscriptions were not fixed quite so low; the smallest coupon or registered bonds we have ever issued being for fifty dollars. The effect in France has been to place the public debt in the hands of a large army of bondholders scattered all over the country, every one of whom is a foe to revolutionary disorder, and a firm supporter of the public credit. Subjoined are the statistics of these French loans:

FIRST SIX LOANS NEGOTIATED IN FRANCE BY POPULAR SUBSCRIPTION.

	Amount wanted.	*Rate of three per cent.*	*Amount offered.*	*Number of Subscribers.*
1 March 14, 1854	$50,000,000	65.25	$93,663,080	99,224
2 January 3, 1855	100,000,000	65.25	439,671,234	180,480
3 July 18, 1855	150,000,000	65.25	730,544,423	316,976
4 May 7, 1859	100,000,000	60.50	501,927,839	690,230
5 January 12, 1864	60,000,000	66.30	969,400,000	542,061
6 August 2, 1868	90,000,000	69.25	3,030,378,042	781,292
	$550,000,000		$5,765,584,618	2,610,263

A further development was given to the popular principle in the negotiation of the great war indemnity loans of 1870–1872, as will be explained, we presume, more clearly than ever before in the posthumous work of M. Thiers which, with other treatises, his literary executors are preparing for publication. How far in the United States it may be possible for us to avail ourselves of the same principle is a question which merits the profound consideration of Congress and of all thoughtful citizens. If our public debt were held by the masses of our industrial, thrifty citizens the cry of repudiation in all its forms would probably soon pass away.

AN INTERNATIONAL MONETARY CONFERENCE.

To the Editor of the Banker's Magazine:

I offer for the perusal of your readers the translation of an address presented to the King of Holland in July, 1876, by the Society of the Netherands for the Promotion of Industry, on the subject of an International Conference to consider the establishment of the Bi-metallic system. The President of the Society, is Mr. A. Vrolick, a former Minister of Finance, and one of the Dutch Monetary Commission of 1872-3 (see BANKER'S MAGAZINE, December, 1877, *The Belgian Monetary Documents*, Part I). This is one of the latest contributions to the Monetary discussion in Europe, and it is directly pertinent to the debates now going on in Congress on the Silver Bill. While I do not share the general opinion among bankers and financiers in the Eastern States, that silver can never be wisely restored to an equal place with gold in the currency, I am, nevertheless, fully persuaded that such a result cannot be attained by establishing an independent and discordant silver currency, such as is proposed by the Bland bill, in the United States; and that the only possible way of doing it, is through an International Conference with leading European nations. And here I desire to say something about the Public Debt. I entirely agree with the dominant sentiment of the Eastern States, that the existing Public Debt, and any future refunding of it should be excepted from the operation of any Silver Bill, and that the same should be paid in gold, for the obvious reason, (as regards the future,) that so long as we can borrow abroad more cheaply by making our debts payable in gold, we have every motive to do so. Russia, a silver country, has always made her bonds payable in gold—usually in sterling, and twelve years ago, when in Europe for the Treasury Department, I wrote to Secretary McCulloch from Berlin, describing Russian bonds which I had seen there, and recommending the issue of similar bonds by the United States—the principal payable in sterling money, and the interest coupons in either of several European currencies, at its appropriate money center, at the option of the holder. Austria, a silver country, has lately issued gold *rentes*. The State of Massachusetts, before, during, and since the war, has made sterling loans, and in 1869, her five-per-cent. sterling bonds were ten per cent. higher in London than United States sixes. M. Cernuschi, in his plan for resumption proposed last winter at Washington, recommended a sterling loan. So far as the existing debt is concerned, it should be paid in gold because that was the promise made by the Treasury agents, with the full knowledge and consent of the country, when the bonds were sold, and they have always been bought and sold as gold bonds. Moreover, if the bi-metallic system should be adopted in the manner I desire, I anticipate such an equality of price between the two metals, as to make it matter of indifference whether we have to pay in gold, or are permitted to pay in silver.

The *Nation* has lately asserted that "there is not the least likelihood that the rest of the world will join us in remonetizing silver." If by "the rest of the world," *all countries* are intended, the statement is probably correct, as I

do not expect England to abandon the single gold standard at present; but from the evidence which reaches me from Europe I am satisfied that if we manifest a desire to join Europe in establishing the bi-metallic system, all countries except England, Germany and Scandinavia, will heartily coöperate in such a movement. A very prominent German banker of this city, having houses also in Paris and Frankfort—a gentleman who has no sympathy with the Bland bill, nor with any conceivable form of repudiation, expresses the opinion that if we were to join the Latin Union, Germany would ultimately do the same. Professor de Laveleye, than whom there is no higher authority in Belgium, writes me in December that "if the coinage of silver were resumed in the United States and the Latin Union, *on the basis of* 15½ *to* 1, *silver would immediately recover its old price.*" He also says "that if the instruments of exchange are diminished, the existing crisis will perpetuate itself, until all prices are forced downwards," and "that England and Germany are already contending for the possession of all the disposable gold, by alternately raising the rate of interest."

M. Léon Say, the lately restored French Finance Minister, is reported to have said very recently to an American visitor, that the policy of the United States in remonetizing silver on the basis of 16 to 1, is suicidal. The French, Italian and Belgian delegates in all the three conferences of the Latin Union, 1874, 1875 and 1876 (with the single exception of M. de Paieu on the part of France), have constantly insisted on the maintenance of the double standard, and the resumption of silver coinage, after the impending danger of a flood of German silver was passed; and that flood has nearly spent its force. The new Italian Finance Minister, Magliani, was a delegate to the two earlier Conferences, and reported to them the determination of his Government not to consent to reduce the metallic bases of the currency by demonetizing silver, until Italy had resumed specie payments. A report made to the Italian Chamber of Deputies in March, 1874, (apparently by the Finance Minister, Minghetti,) took the ground that it is "the duty of Italy to resist every proposition tending to diminish the instruments of the metallic circulation, either by the demonetization of silver or by the limitation of the legal-tender quality of it." Finally, as bearing on the power of Europe and America (without the help of England or Germany) to restore the value of silver by admitting it freely to the coinage, *on a proper basis*, I quote the opinion of Mr. Bagehot, the late editor of the *Economist*, who stated in his testimony before the English Silver Commission in May, 1876, when silver was nearly at its lowest point, that if it had not been for the restrictions on coinage imposed by the States of the Latin Union and by Holland, "all the silver which is now flooding the London market and lowering the price, would have been long since in the mints of those countries; it would have released gold from them, and the combined effect of the two operations would have been *that the comparative value of gold and silver would have been very little altered, probably not at all.*"

These expressions of European opinion might be much further extended, but I think I have quoted enough of them to show, that the case is not closed against the double standard in Europe, and that it largely depends on the action of the American Congress, whether the system shall not be reëstablished with more of vigor and vitality than it has ever yet possessed.

Your obedient servant,

NEW YORK, January 14, 1878. GEORGE WALKER.

SOCIETY OF THE NETHERLANDS FOR THE PROMOTION OF INDUSTRY.

Address to His Majesty the King.

SIRE—The Society of the Netherlands for the Promotion of Industry, assembled in General Convention at Deventer, has been seriously impressed with the danger which threatens the monetary circulation, not only of the Netherlands and their colonies, but of all civilized countries, by the great and ever increasing depreciation of silver.

Industry, of which our society is the organ, has the deepest interest in seeing a good monetary system established. The general assembly of our society has accordingly invited its Directors to submit the following considerations to the enlightened wisdom of its august Protector.

In 1847 our country enjoyed the good fortune to have bestowed on it a good monetary system, which introduced the single standard of silver. This law was not the result of purely speculative theories, nor of an exaggerated fear of the future depreciation of gold, as has been often, though erroneously stated; for the gold deposits of California and Australia were not yet known in 1847. That law was the expression of all that experience had taught us during the preceding thirty years; and for twenty-five years the Netherlands have been entirely satisfied with it. We have now to deplore that the legislative measures of a great neighboring nation and the consequences which they have entailed on other nations are forcing our country to change its monetary legislation.

We, however, fully share the opinion of your Majesty's government that, under existing circumstances, the Netherlands ought to abandon the silver standard. We have witnessed with regret the failure of former legislative propositions looking to that end, and have seen with satisfaction the adoption of the law of June 6, 1875, by virtue of which a gold coinage has been adopted side by side with our coins of silver, and that the interdict against coining silver, except for account of the State, which had been decreed at an earlier date, is still maintained.

We, moreover, share the opinion of the government, that *under existing circumstances*, the Netherlands have no other alternative than to adopt the gold standard.

There is, nevertheless, another state of things which seems to us much more desirable, but which does not depend exclusively upon the action of this country. We mean an understanding, as far as possible to be arrived at, between civilized nations, for the adoption of the double standard, with a uniform proportion to represent the intrinsic value of gold and silver coins. For that proportion the ratio of fifteen

and a half to one, commends itself in many ways. To the universal adoption of that system we look for the most effectual means of checking the continued depreciation of silver. If the majority of influential States were to adopt it, we are persuaded that the value of silver would rise again, after a certain interval, to its old level.

The present depreciation of silver has, no doubt, been brought about by various causes. British India, towards which for a long time past there has flowed a steady tide of silver is, at the present time, absorbing only a small quantity of that metal. The Empire of Germany has also in store a very large quantity of demonetized silver; and notwithstanding the prudent manner in which it is disposing of it, the certainty that this silver must, sooner or later, come upon the market, depresses the price of silver bullion. The production of the silver mines of North America has been largely developed in the last few years, while that of gold is more or less stationary. All these causes combined could not fail to exercise a very powerful influence on the value of silver. The first two are, perhaps, temporary: the third seems of a more permanent nature: there is, however, a fourth cause which is likely to exert a prolonged and depressing influence on the value of silver, if steps are not taken to remove it.

We refer to the various changes which have been made, or which are in preparation, in the monetary legislation of different countries. No sooner had Germany adopted the gold standard, than the Scandinavian States hastened to follow its example; the Netherlands have entered upon the same road, and the Latin Union is reducing in an energetic manner the fabrication of silver money. Under the influence of all these legislative measures, we should have expected to see silver fall in price, but the reality has gone far beyond what was anticipated.

During the thirty years which preceded the great development of gold production in California and Australia the average annual price of standard silver in the London market fluctuated only between 59½ to 59¾ pence per ounce. It would have been in the natural order of things that the discovery of those vast deposits of gold would cause the price of that metal to decline, or, in other words, would have raised the price of silver in a degree altogether exceptional. This result was rendered the more probable, by the fact that the immense quantity of gold produced by California and Australia was added to a relatively small quantity of that metal previously distributed among the nations of the globe. For this reason, we might have expected that the immense and rapid increase of gold production would have caused a depreciation in its price, far more important than could have been visited on silver by the development of the new North

American mines, since the increased volume of silver is subtantially lost in the immense stock of that metal already existing, a stock which was estimated, in 1845, to be from forty to fifty times greater than that of gold.

Nevertheless what did we see? In the period of five years from 1852 to 1856, being that of the greatest gold production, gold of the value of about two thousand millions of florins ($770,000,000) was produced, against a production of silver of the value of about 525 millions ($202,125,000). The total quantity of the precious metals extracted from the mines was composed of 79.2 per cent. of gold to 20.8 per cent. of silver; nevertheless the price of *silver did not advance above an average of sixty-one and a half pence. It attained an average of sixty-two pence in 1859, which was not, however, the year of the greatest production.* *

In the period of five years from 1871 to 1875, during which the mines of North America made the most rapid advance, the total production of silver throughout the world is estimated at a value of 930 millions of florins ($358,000,000). In this same period, the production of gold reached a figure of 1,500 millions of florins ($570,000,000). Thus the total production of the precious metals was composed of 61.7 per cent. of gold, and of 38.3 per cent. of silver.

It is, therefore, apparent, that the quantity of silver injected into the circulation is increased in a much smaller proportion than was that of gold at the earlier period; yet the fact remains, that silver gradually declined to 57⅜ pence, preparatory to a sudden drop, at the beginning of this month (July, 1876) to the unprecedented price of forty-seven pence.

The cause which prevented gold from undergoing the depreciation anticipated is well understood. Almost all the gold of California and Australia, as soon as it arrived in Europe, went into the French Mint, and was thence issued in coined money to the amount of nearly six milliards of francs, ($1,200,000,000). It has been well said, that the monetary system of France served as a parachute to the fall of gold. † Now, in the case of silver, exactly the opposite has happened; at the very juncture when Asia is absorbing less silver than formerly, and when the production of the silver mines of North America is increasing, the larger number of mints are closing their doors to silver, or admitting it in very limited quantities.

The changes which have taken place in the monetary legislation of several countries appear to us to be the principal cause of the depreciation of silver, and a cause which is of a permanent character. But now that the cause of the evil is ascertained, the remedy seems to us not difficult to discover.

*The normal price, on the ratio of 15½ to 1, is 60⅞ pence per oz. standard. See Seyd on Bullion, p. 291. Translator.

† Michel Chevalier.

If all civilized countries were to reopen their mints to sil ver, the same result would follow, which formerly attended the increased production of gold, and the value of silver would resume an upward direction.

Of course, no isolated country like the Netherlands, would willingly take the risk of seeing its money of higher value exported, and replaced by other money more or less depreciated.

But this danger would disappear from the moment that all countries, or even the majority of countries, should agree to adopt the double standard with a uniform relation between gold and silver—that of fifteen and a half to one being, in our opinion, the most easily attainable.

Many distinguished economists, among whom it is sufficient to mention, Wolowski, Courcelle-Seneuil, E. de Laveleye, Seyd, Cernuschi, and W. C. Mees,* have maintained the position that if all civilized nations were to adopt the double standard with a uniform proportion, a stability in the respective values of the two metals would be created, such as could not be attained in any other way.

While entertaining a very high respect for the opinion of the eminent authors who combat this position, *we must, nevertheless, avow our belief that under existing circumstances, the general adoption of the double standard, with the proportion of fifteen and a half to one would be the best, and perhaps the only, method of preventing the disturbance which now threatens all monetary transactions, a disturbance the disastrous consequences of which are, perhaps, incalcuable.*

If a uniform legal proportion between the value of gold and of silver were to be very generally adopted, it is evident that the expulsion of one of the metals, which, from accidental causes, might have acquired a higher value, and the admission of the other, which was relatively more or less depreciated, in one of the countries of the large domain occupied by the double standard, would lead to a greater supply of the first metal, and a greater demand for the second in other countries. In this way, the degree of fluctuations between the two metals, by extending it over a larger surface, would be reduced to a minimum. We should enjoy, on a vast scale, the compensatory action which is peculiar to the double standard system.

Such is the result which might be anticipated from a general agreement between a great majority of civilized countries, to adopt the double standard, with a uniform proportion between gold and silver.

The ratio of value between gold and silver, would thus attain a degree of stability, which if not absolute, would certainly be very great.

The fluctuations in the power of acquisition, depending on

* President of the Bank of Holland.

variations in the comparative value of the two metals, would be reduced to a minimum.

Provision would be made beforehand against disturbances which will be inevitable, as long as important countries which adopt the gold standard, continue to pour upon the market great quantities of their demonetized silver.

A signal service would be rendered to the commerce between Europe and of Asia, countries which always require great quantities of silver for their national circulation, by giving a less fluctuating value to one of the principal elements which serve as the bases for exchange.

FINALLY, THE RESUMPTION OF SPECIE PAYMENTS IN COUNTRIES IN WHICH A LEGAL-TENDER PAPER CIRCULATION STILL PREVAILS, WOULD BE RENDERED EASIER.

In view of all the advantages which we have here enumerated, advantages which in our judgment are far from being imaginary, would it not be desirable to convene, at an early day, not a diplomatic Congress, but an international monetary conference, to which all governments might send men specially qualified for the service, and most conversant with this subject?

To such a conference, the two following questions might be submitted :

(1.) "Is it, or not, probable that if all civilized nations were to adopt the double standard, with a uniform proportion of fifteen and a half to one, as the intrinsic value of gold and silver legal-tender money, a stability in the relative value of the two metals would be thus obtained during a long period of time, which if not absolute, would certainly be very great ; and that the oscillations in that value would be very small, compared with those which have taken place during the course of the present century?"

(2.) "If this question should be decided in the affirmative, what measures should be submitted to the several governments, in order to secure this desirable uniformity?

Without anticipating the answer which competent judges might give to those questions, we venture to express the opinion, that it would not be desirable to agitate, at the same time, the question of the unification of coinage. Every country holds, with a certain tenacity, to its national money, around which its historical traditions cluster ; and the attempt to combine on a new international monetary unit, would meet with a formidable opposition in nearly all countries against any unification of moneys.

The several countries should simply engage that if they have the single gold standard, they will add to it legal coins of silver ; if they have the silver standard, that they will add to it legal coins of gold, with a uniform proportion of 15½ to 1. Countries having the double standard, but a different proportion than that of 15½ to 1, would

be required to conform to that proportion. In all countries of the new monetary union all debts should be payable indifferently in money of one or the other metal; individuals should have the right to have bullion of either metal converted into legal-tender coins, according to the statutory conditions prevailing in each country.

The monetary conference might perhaps take into consideration the following question: would it be possible, without detriment to the great object in view, and to the principle enunciated, to admit a certain *tolerance* in the proportion of 15½ to 1, in the same way that a certain limited tolerance is admitted in the weight and fineness of coins? Such a tolerance would probably render the adhesion of certain countries to the plan less difficult. This is, however, a secondary question to which we call attention only subsidiarily.

Other questions might be treated by the monetary conference, as for example, what would be the future of silver from the time that all the great nations should adopt the gold standard? If all, on the contrary, were to unite on the double standard, would it be desirable to take international measures in respect to the expense of coinage, to the counterfeiting of the moneys of one country by the subjects of another, &c.?

The monetary conference having no other mission than to enlighten the governments participating in it, (the latter reserving to themselves entire liberty of action,) could proceed with a certain degree of freedom, could throw light on different points of interest which the question involves, and could prepare the way, in some measure, for a diplomatic Congress, before which the questions to be settled would necessarily be more clearly defined and limited.

The government which shall gain the adhesion of other governments to the plan of convoking an International Monetary Conference, will, in our opinion, render an eminent service, not only to its own citizens, but to all the countries of the world.

According to a communication made by the Minister of Finance, in the month of May, 1876, it appears that the government of your Majesty has considered the plan of an international agreement, looking to the general adoption of the double standard, but has decided that all attempts in that direction would be without avail. Since that time, however, the depreciation of silver has gone so much farther than before, that a new attempt would, perhaps, meet with a more favorable reception.

We, nevertheless, admit the possibility that every effort for a general understanding may fail, and that it may, therefore, become necessary to give up all hope of seeing the double standard, with a uniform proportion between the intrinsic

value of gold and silver money, generally adopted. If such should prove to be the case, the Society for the Promotion of Industry, without entering into details, ventures to express the opinion that, it would be then desirable to put an end to the present transitional state of our monetary system, and to adopt definitively the gold standard.

As to the monetary system of our colonies in India, our Society takes the liberty of saying, that this question demands a prompt solution, both in the interest of the circulating medium of the colonies, and in that of the mother country. We consider this matter too urgent to await the issue of international negotiations, and that it is desirable that a provisional law, of the character of that of June 6, 1875, should, without delay, be made the order of the day.

We share the opinion of those who recommend the following measures for protecting the Dutch Indian Colonies, against such injury as British India is at the present moment sustaining from the extraordinary fall of silver, namely, the admission of our ten-florin piece into the circulation of the Colonies, the export of gold pieces by the Government to India, as rapidly as the necessity for them is experienced; the issue of bills of exchange by the Government to counteract a possible rise in the exchange, an authorization to the Governor-General to sell limited amounts of silver pieces as your Majesty may direct, after having withdrawn them from circulation and placed them beyond the possibility of re-issue.

These measures would have the advantage of being provisional merely, and of leaving the question open for future decision whether to adopt, at a later period, the single gold standard, or the double standard for the colonies. But if we would protect our Indian possessions against great disturbances, it is important that the provisional law touching the monetary system of these colonies be brought under discussion without delay.

We pray your Majesty to pardon us, if the gravity of the subject has caused us to overstep the ordinary limits of an address. The interests of Commerce and of Industry have always secured the most lively sympathy from your Majesty. They are more intimately allied to a good monetary system than is generally supposed.

We have the honor to be, Sire, your Majesty's very faithful and humble servants,

THE DIRECTORS OF THE SOCIETY OF THE NETHERLANDS FOR THE PROMOTION OF INDUSTRY,

VROLICK, *President.*
F. W. VAN EEDEN, *Secretary.*

HARLAEM, July, 1876.

FIDELITY INSURANCE.

Society seems to have reached, among the more civilized nations, a stage of development which requires a new kind of insurance. Among the consequences flowing from the increase of wealth and the growing complexity of business relations, there is an ever increasing number of persons filling positions of trust which require them to give bonds, with sufficient sureties, for the faithful discharge of their duties. The furnishing of guarantees for fidelity on bonds of this character, in other words, fidelity insurance, is now becoming of sufficient importance to be a distinct branch of business, and would afford a very desirable substitute for private suretyship. Recent investigations on the subject in Massachusetts show that during the first six months of the year 1876, there were filed in the counties of Suffolk and Middlesex 1,327 probate bonds, with sureties for an aggregate amount of $10,736,820, and giving for the whole year at the same rate, 2,654 bonds for $21,473,640, an average of about $8,000 to each bond. The largest bond was for $500,000, and the smallest $25, and the number of bonds under $1,000 was 602, or about one-half the total. In 1876 there were 791 manufacturing corporations; 476 banks, Savings and National; 225 insurance companies; and sixty-eight railroad companies having officers in Boston; in all, 1,560 institutions. If the bonds furnished by officers of these institutions amount in each to an average of $20,000, this will give $31,200,000 of risks to be written.*

A canvass of eleven of the fifty-four banks of Boston, shows an average of eight employees under bond in each bank, the average amount of bonds to each bank being $77,545. In the case of each one of the 2,745 agencies of the 181 foreign insurance companies authorized to do business in Massachusetts, the law demands a bond of $2,000 to the Treasurer of the Commonwealth, an aggregate of $5,490,000. In each of the 342 cities and towns of Massachusetts, the treasurer, and also the collector, if the offices are kept distinct, must furnish a bond. These bonds will probably average $20,000 or more, giving an aggregate of $6,840,000. A similar state of facts will be found to exist in many, if not most, of the other States. They show how large is the field for fidelity insurance in every commercial community.

The application of the insurance principle to cases of moral hazard, involves elements of so complicated a nature,

* See pamphlet entitled *The Fidelity Assurance Company of Massachusetts*, published at Cambridge, Mass. Press of John Wilson & Son.

that it is among the latest branches of insurance to be developed. It might seem indeed that moral delinquencies were subject to no law, and that the risk could not be measured with sufficient accuracy to make fidelity an insurable quality. Statistics show, however, that taking a great number of cases, there are certain uniformities of conduct which may be made the basis of calculations for the future, and statistical inquiries of a more exhaustive and scientific character, will undoubtedly make it possible to calculate the probabilities of an unfaithful discharge of trusts, with much greater precision. In several cycles of years the proportion of defaulters to the number of persons charged with trusts will be found to vary within comparatively narrow limits. In the long run it will not exceed a certain calculable percentage, and the greater the care and discrimination exercised in selecting persons to be trusted, the smaller will this proportion be. The risk may be measured approximately, and a moderate rate of premium will indemnify a corporation guaranteeing the fidelity of a considerable number of persons carefully selected.

Fidelity insurance is, however, something more than a matter of theory. It has been subjected to the test of experience in England and Scotland for a period of thirty-seven years, the first company of the kind being "The Guarantee Society," established at London in 1840, though not incorporated until 1842. Its capital is not stated. For twenty-three years it remained the only institution of the kind. The other companies are the following:

Name.	*When Established.*	*Capital.*
National Guarantee and Suretyship Association.—Limited.	1863 ...	£250,000
The London Guarantee and Accident Company...............	1869 ...	115,000
The Guarantee Association of Scotland.—Limited.............	1873 ...	100,000
The Commercial Guarantee Society................................	1874 ...	100,000
The Provident Clerks and General Guarantee Association. Limited..	...	100,000
Total, five companies................................	...	£665,000
Equal to..	...	$3,236,330

These companies publish no statistics showing their condition and operations, and none of their stock is in the market, a fact that indicates the profitable character of the investment. Mr. Walford, a distinguished English actuary, says of the system: "Here it has been found of such immense advantage that it has become a part of our commercial, not to say of our social, system. One of the greatest advantages of the system is that it really conduces to honesty."

There are two companies carrying on this branch of the business in the Dominion of Canada. One of these, "The Citizens' Insurance Company," commenced business in 1868 with an authorized capital of $2,000,000, fidelity insurance being one branch of its operations. The other, "The Canada

Guarantee Company," confined exclusively to this department, commenced operations in 1872, and has a subscribed capital of $125,000, which may be increased to $500,000. Each of these companies has its head office at Montreal. The Canadian Parliament also incorporated, in 1872, "The Imperial Guarantee and Loan Society," to have its head office at Toronto, with a capital of $500,000, which might be increased to $1,000,000, but it does not appear to have commenced operations. The last annual report of the Canada Guarantee Company, shows that during the year 1876 there were received 1,014 applications for bonds, amounting to $2,064,150, of which 118 for $377,400 were declined, leaving 896 bonds issued for $1,686,750, an average of $1,882 to each bond. The annual premium revenue on these bonds was $16,318, or a trifle less than one per cent. The number of bonds issued during the four and one-half years since the commencement of business in 1872, was 2,696, insuring the sum $6,164,000, an average of $2,286 to each bond. The number of bonds in force December 30, 1876, was 1,819, insuring $4,079,800, an average of $2,243 on each bond, yielding an annual premium revenue of $36,700, an average of about nine-tenths of one per cent per annum. The premiums received amounted up to that date to $115,220, and the excess of losses paid above losses recovered amounted to $41,867, or thirty-six per cent of the premium revenue. The net surplus of the company is $13,369, while its total assets are $60,528. The Citizens' Insurance Company received in 1876 425 applications for bonds, of which 107 were declined. The 318 bonds issued insured $643,850, an average of $2,024 to each bond. The company had in force, at the close of the year, bonds for the sum of $3,057,650, and its premium revenue for that year was $29,393, or about one per cent. of the insurance in force. The aggregate losses of the two companies for 1876 were but $32,593, or only about forty-five one-hundreths of one per cent. on the gross amount of the risks of the two companies at the close of the year ($7,137,450), and less than one-half their premium receipts for the year ($67,455). It is to be observed that the epidemic of defalcations within the past few years has put such companies to a severe test, which they have met with entire success. The Stock of the Canada Guarantee Company pays eight per cent. dividends, and stands above par.

So far as known there is no company in the United States which does a guaranty business, though there is one company in Philadelphia which is authorized to transact this branch of business. An attempt has been made within the past year to inaugurate an enterprise of this character in Massachusetts. The "Fidelity Assurance Company of Massachusetts" was incorporated April 26, 1877, with a capital of $500,000 which the stockholders may increase to $1,000,000. This

must be invested in the same kind of securities in which Savings banks are required to invest. These are first mortgages of real estate; obligations of the United States or of New England or New York States, counties, cities or towns, or first mortgage bonds of Massachusetts railroads, bank stock or deposits, loans on personal security or buildings for their business, all under certain judicious restrictions. Such company is authorized to become surety on the official bond of persons within the Commonwealth, or on bonds to indemnify persons who are sureties. The amount of responsibility to be assumed by the company in any one case is limited to ten per cent. on its paid-up capital; in the case of trustees and guardians it must not be over five per cent. of its net assets, and in the case of executors and administrators not over $ 15,000. Dividends are limited to six per cent. until the reserved fund or surplus equals the capital paid in. The company must make returns to the proper officials of the State and publish quarterly statements of its assets and liabilities. Its books and investments are to be open to the inspection of the Insurance and Tax Commissioners, also to the inspection of the stockholders under certain limitations. The company has a prior right to purchase its own stock at a value to be fixed by the Directors in case any stockholder desires to sell.

A chance of getting only six-per-cent. dividends—a rate below the average except when the income is certain and regular and the principal practically guaranteed against loss—has not been found a sufficient inducement to attract capital to a new branch of business, and consequently it has not been possible to raise the necessary capital to commence operations. It will probably be necessary to make the charter less restrictive in this and some other respects to make the undertaking feasible and enable the company to accomplish its legitimate work.

It is to be hoped that success may attend the enterprise and that this branch of business may soon be developed in other States. Private suretyship is an affair of considerable danger and a substitute should be provided for those responsibilities which sometimes ruin one man for the faults of another. As a regular business it might be so conducted as to involve less risk than in isolated cases. This object would be secured by providing for the periodical inspection of the trust affairs. The late Hon. Isaac Ames, Judge of the Probate Court for the County of Suffolk, in Massachusetts, in giving his opinion of fidelity insurance to the Legislative Committee investigating the subject, says; "Nearly twenty years' experience in the Probate Court has made me pretty familiar with the subject of bonds, and what importance sureties attach to their obligations, and how little watch they keep of the doings of their principals as a general rule; and

how little principals, who have once given a bond, attend to the duty of furnishing new sureties in case of the death or insolvency of the old ones." One of the ways in which fidelity insurance companies would benefit the public would, he thought, be this: "The company having incurred the obligation to insure, the fidelity of the surety would, for its own safety, insist on the prompt and faithful performance by the principal of his duty. If this should be the effect, it would be an immense gain in the speedy settlement of estates." In other departments watchfulness over the doings of principals which a company transacting fidelity insurance can exercise as individuals rarely do, would, in many cases, stimulate persons in positions of trust to greater care and fidelity, and thus tend to avert losses as well as to make them good when they occur.

DUDLEY P. BAILEY, Jr.

EVERETT, MASS., January, 1878.

BANK TAX REPEAL IN CONGRESS.

A vigorous effort is making for the repeal of the Federal tax on bank deposits. On the 8th January last, a meeting was held at St. Louis by the Executive Council of the American Bankers' Association. The specific purposes of this meeting were chiefly connected with the work of bank-tax repeal. A combined series of operations has been devised and started for the purpose of uniting all the banks in the West and South in the work of promoting the repeal of the tax on deposits. This work is to be carried on by two methods: first, each banker and bank officer is to see or write to members of Congress and United States Senators urging them to help forward the legislation for bank-tax repeal whensoever it comes up in Congress. The evils of bank taxation are so obvious just now, and their effect in driving capital away from the banking business has already produced in many quarters so much alarm, that this department of the work of the American Bankers' Association, if efficiently done, cannot fail to have a profound influence upon the minds of thoughtful and impartial statesmen. The second portion of the work devised and begun at St. Louis was to go to the Committee of Ways and Means and to memoralize that body and its Sub-Committee of Five which is now engaged in maturing and consolidating the tax laws of the United States. A memorial was accordingly prepared for presentation to the committee and sub-committee. As this document will be read with interest by bank officers, shareholders and bankers, we publish it in full.

It will be found on page 653 of this issue. On Wednesday,

16th January, the memorial was presented, on behalf of the banks, to the Chairman of the Committee of Ways and Means, by Dr. George Marsland, the Assistant Secretary of the American Bankers' Association, who, by request, offered a few explanatory remarks as follows:

ADDRESS OF DR. GEORGE MARSLAND ON THE REPEAL OF THE TAX ON BANK DEPOSITS.

Mr. Chairman and Gentlemen of the Committee and Sub-Committee:

The American Bankers' Association, whose memorial I have the honor to present to-day, ask of Congress the repeal of the war excise duties levied by the Federal Government upon bank deposits. There are other taxes on the banking business whose repeal has often been urged, but as the necessities of the Treasury are so great, we waive this part of what we deem our just and equitable claims for relief, and confine within the narrowest limits our request for the tax reform which is now so needful, not only to the banks, but to the commercial and industrial population of the United States.

The bank tax of which we ask the repeal, is the tax on deposits. This tax is levied upon all the banks of every class in the United States. It is not, therefore, in the interest of the National banks that we plead to-day. The relief we ask is for the Savings banks, the State banks, the private bankers, the trust companies, and all other persons and corporations in this country that do a banking business. The bank deposit tax is quite recent in its origin. It is part of the war excise, some of whose worst features it bears. What these features are, our Association has on several occasions endeavored to explain to this Committee and to Congress. It would be tedious and unnecessary to recapitulate them now. As requested, I will, with the permission of the Committee, confine my remarks chiefly to the single argument that the deposit tax is a tax on the liabilities of the banks. It is a tax on debts. It taxes the banks on what they owe, and it falls upon liabilities rather than upon property. Every one knows what a bank deposit is. As regards the depositor, it is a sum of idle cash which he places in bank. As regards the bank, it is cash which must be returned on demand, or according to contract, into the hands of the depositor or his representatives. As regards commerce and trade, the bank deposits are the fund out of which are paid the advances which are necessary for the payment of wages, and for every movement of commodities towards a market. As regards taxation, bank deposits may be defined to be "money on its way to mercantile borrowers."

Here, then, we have four views, under different aspects, of bank deposits. So far as the depositor is concerned, they are idle cash. So far as the bank is concerned, they are cash which must be lent or used, so as to be returnable when-

ever demanded. So far as commerce and industry are concerned, bank deposits are the wages fund, and the fund out of which mercantile advances are made to move the crops, and for a thousand other purposes. So far as taxation is concerned, bank deposits are funds which are on the way to mercantile and industrial borrowers, in whose hands they will fertilize the fields of industry and productive labor. If it is just and right to tax these deposits thus placed in bank, *in transitu* to the farmers and merchants who want to borrow them, it would be equally just and right to tax the goods in warehouse which these deposits represent. It is perfectly clear that the warehouse receipts of wheat, cotton or tobacco, might as well be burdened with a specific warehouse tax as the bills of exchange which move the deposits representing these commodities as they pass on towards a market.

But this is not all. If bank deposits were subjected to a single tax the burden would be unreasonable enough, however equally and impartially the tax might be distributed on all deposits alike. But it is well known that this tax cannot be levied without gross inequality and frequent double taxation. The more active are the bank deposits in aiding commerce and trade the heavier is the tax upon them. At every step they are met by the tax collector; and as we are here considering bank deposits solely in the light of their taxability we must look a little more closely into their nature.

It is very needful to get a clear and complete analysis of the true character of bank deposits if we would understand how taxation cripples their movements. Let me call attention to the evidence of this subject given by the Comptroller of the Currency. On page thirty-six of his last report the Comptroller says: "The deposits of the banks are not money, but merely represent commodities which, to a great extent, are not subjected to National taxation. The wheat and flour which are shipped from St. Paul to Chicago are taxed in the banks at St. Paul, if their avails are represented by a bill of exchange. If the same commodities are reshipped from Chicago to the East, a tax is again imposed in Chicago upon their representative bill of exchange, and in the seaboard city when they are exported to a foreign market. The same is true of the avails of cotton shipped from the South, and of manufactures sent from the New England and other States."

Now nothing can be clearer than this. Similar cases are occurring every day. At St. Paul, Minn., a quantity of grain or flour is shipped to Chicago. If its value, as is probable, has been already paid in cash to the farmers who have raised it, the money has been obtained, most likely, from one of the banks at St. Paul. The farmer has the cash in his pocket, and the bank holds not the breadstuffs which it has paid for but a bill of exchange with a bill of lading, which

passes the title to the cargo by endorsement and delivery. The St. Paul bank, we will suppose, has lent on this cargo all its available funds. If so, it can lend no more until sixty or ninety days have elapsed and the bill of exchange is matured and paid. But what are the Minnesota farmers to do meanwhile? They have more wheat and flour to sell, and they want more money from the bank to move it. If the bank is obliged to wait two or three months before it can lend any further sums for payment to the Minnesota farmers great embarrassment must be the result. To avoid this embarrassment is one of the ends which banks subserve in the beautiful and delicate mechanism of modern commerce. The Minnesota bank sends its bill of exchange to its correspondent at Chicago. The Chicago bank advances the sum of money represented by the bill and remits it to the St. Paul bank, which is thus put in a position to lend again to the Minnesota farmers, and to continue the process as long as the harvest and the moving of crops shall require. But how is it with the Chicago bank? That institution cannot afford to wait, perhaps, and it must, in turn, obtain advances from New York. This is easily done by the simple process of sending on the bill of exchange, which is as good as cash in New York. Indeed, as a matter of fact, the bill of exchange and the produce it represents move pretty close together, and the latter forms a basis on which, in part, the credit of the former is supported.

We might trace in the same way a shipment of cotton from Georgia or of rice from South Carolina or of tobacco from Virginia; of shoes from Massachusetts, or of cotton fabrics from any of those numerous states of the union where they are made. Enough has been said, however, to illustrate the fact that in taxing bank deposits we tax capital on its way to mercantile borrowers. The St. Paul bank advances the money, to move the crops of the farmers, out of its deposits. When the Chicago bank makes the advance, it is made out of its deposits, and when the New York banks, in their turn, advance the money for this cargo they do it out of their deposits. In every transaction where a loan is made to supply facilities for moving merchandise, or for other mercantile operations, the general fund out of which the advances are made is the bank deposits.

Many persons have thought that the deposits of the banks are, so to speak, a stagnant lake of idle capital and not a reservoir of active cash for business men. But, as we have seen, a bank deposit is one of the most mobile of all the forms of capital. From the moment it is placed by the depositor on the bank counter it begins its movements, and does not arrest them until it is in the hands of somebody who wants it to pay wages and expenses in his business, or of some mercantile borrower who wants it to move

cotton, breadstuffs or other commodities to market. This money is owing by the bank to its depositors, and all the rules of the bank—all its business instincts and habits are outraged if any portion of the deposit lies idle and runs to waste. The banker, after providing for his needful cash reserves, which are rather part of his capital and should be so regarded, aims to keep the whole of his available deposits constantly moving in the channels of business.

And here the point I wish to press on the attention of the committee is that over and over again, bank deposits at every one of these movements are taxed, although every consideration of sound commercial policy should urge us to leave the movements of borrowers and lenders as free as possible. The circulation of loanable deposits through the banks is like the circulation of the vital fluids in the human body. It would be as wise for us, by artificial means, to arrest the circulation of the blood and still expect the human body to keep healthy and grow strong, as it would be to expect our commercial organism to keep healthy and grow strong while we arrest, by artificial tax methods, the circulation of bank deposits.

Is it surprising then, that, until recently, bank deposits were untaxed and untaxable everywhere in the world? There must be reasons for this universal exemption—some good reasons why, before the war, the tax on bank deposits was never imposed even in this country. In modern times and among civilized nations taxation is based upon the fundamental principle that the citizen should pay taxes on *property* and not on debts, that the fiscal burdens should fall *not* upon what the tax payer *owes*, but upon what he *has*. When Congress, in the first years of the war, imposed a duty or tax upon the deposits in bank, they placed a burden upon the banking business such as no other business in the world has ever been called to bear without the most grave disorder, industrial confusion and commercial ruin.

But we not only claim that bank deposits should be untaxed because they are debts; they are a very sensitive kind of debts, and the mischief of taxing them is so much the greater. All capital is proverbially timid. Bank deposits represent capital in its most timid phases and in its most sensitive forms and movements. All experience shows that a tax upon bank deposits checks their elasticity, fetters them and blights their growth. The evidence of 50,000 business men, whose name appeared in petitions sent here by us last winter, attest that the tax on deposits is a burden upon business and that its pressure is too grievous to be borne. Nearly all the chambers of commerce and boards of trade in the United States have, within a few months, passed resolutions and adopted memorials to Congress setting forth the fact that the taxes upon bank deposits fall heavily on trade and industry,

enhancing the rates of interest, driving capital out of the banking business, and hindering the growth of our exports and the development of our National wealth. Perhaps there is no country in modern Christendom that depends for the growth of its trade so completely as the United States upon the free movement of its bank deposits. If this is true in ordinary times it is much more so at the present moment when there are so many promising signs of recuperation after the panic of 1873. This view of the subject demands the gravest consideration of all who possess power to influence the financial counsels and to direct the fiscal policy of the nation.

Hence Congress should repeal the tax on deposits because the six millions which it brings into the Treasury is a very small sum in comparison with the evils it inflicts upon the country. Every dollar of revenue from this tax, we have been told, costs the people twenty dollars. However this may be it is easy to see how mischievous to industry must be any tax which cripples bank facilities. Without a bank deposit wages cannot be paid to our mechanics, tobacco cotton or provisions cannot be moved to and from the market, our commerce cannot stir a step, and every successive transaction gives rise to and is carried on by means of bank facilities and bank deposits. By the potent magic of a bank deposit, the rich harvests and the manufactures which swell the tide of our annual wealth, start from the place where they are produced toward the consumers for whom they are destined. Without a bank deposit no employment can be given to the great army of producers who are creating and augmenting our trade and commerce in every State of the Union. The commodities on the production and sale of which our forty millions of people depend for their prosperity and subsistence require, at each stage, the aid of bank deposits and of banking facilities, or they cannot be made available for the payment of wages and the increase of trade. Such are the reasons which our business men, our chambers of commerce and our boards of trade express with such clearness and energy, to urge that the tax on deposits should be forthwith repealed.

And we press this argument with the more anxiety upon the attention of the committee because at the present crisis the country can less afford than ever before to bear the heavy burden which the deposit tax imposes. We are just entering upon a period of the most momentous and critical importance to our finance and trade. A multitude of circumstances are now augmenting the pressure and the peril caused by our present mischievous bank taxation. Now, if ever, our national treasury needs to be strengthened; for otherwise, the public credit cannot be strong, and without a robust public credit it is vain to hope that our private

credit can be strong, or that our industry and commerce can prosper or recuperate.

But what is true of the treasury is also true of our banks. The revival of industry depends just now quite as much on the stability of our banking system as upon the stability of the treasury. Upon these two corner stones — banking stability and strength in the treasury — must rest all our hopes for the future of business. If the bank taxes, as is notorious, are undermining the foundations of our banking strength, then they are threatening our hopes of industrial progress and prosperity, just as truly as if they weakened the stability of the U. S. Treasury. For, in either case, the same result would follow, namely: a continuance or increase of the depression of industry and the stagnation of trade.

During the present session, then, we respectfully ask of congress and of this committee the repeal of the tax on bank deposits. It is a tax upon debts; and this is forbidden by the fundamental canons of fiscal science which declare that taxes should fall not upon what we owe but upon what we have. Other taxes fall upon property and this single exceptional tax is the only one which violates the rule. It is indeed the only tax levied by our National Government which has its counterpart in no other fiscal system in the world.

Secondly, we ask for its repeal because it does no good but inflicts irreparable harm upon commerce by arresting its vital processess and checking the movements of those bank deposits without which no produce can move from the interior to the seaboard, or in any other direction in search of a market.

Thirdly, we ask for the repeal of the deposit tax because at the present critical period, when our commerce is so promisingly reviving, a condition of sensitive timidity is developed in our commercial and industrial system which renders it peculiarly susceptible to harm from such attacks as this.

In conclusion, we ask for the repeal of this tax because it is a double tax. Our Association has demonstrated by the clearest evidence that the tax on deposits cannot be levied impartially or distributed evenly. Again and again it is repeated and duplicated at every step taken by bank deposits on their way to mercantile borrowers. It destroys far more wealth than it brings of revenue into the Treasury. It is impossible to estimate the evils which are thus produced, and to compute them in money. To these considerations we might add many others of equal or greater weight; but we prefer to rest our case just now on this single fact that the deposit tax is a tax upon the debts of the banks, that these debts, like all other indebtedness, should be untaxed and untaxable, and that grave evils threaten the country unless this tax, which is forbidden alike by the principles of fiscal sci-

ence, and by a wise regard to our commerce and industry, shall be at once repealed.

On Monday, 21st January, the American Bankers' Association again appeared, by appointment, before the Sub-Committee, and after argument, the further hearing was postponed till the beginning of February, about which time the Sub-Committee on Internal Revenue, which consists of Messrs. Burchard and Tucker, are expected to report their bill to the Sub-Committee of Five, by whom it will be finally matured and revised for presentation to the Committee of Ways and Means.

THE WAY TO SPECIE PAYMENT AND HOW TO MAINTAIN IT.

In indicating the way to specie payment, and how it can be maintained when once brought about, it will not be necessary to discuss the desirability or necessity of resumption as soon as practicable by this country. We may take it for granted that this much has already been conceded, and that the only thing which remains for consideration is, how it can be accomplished.

The question is an important one, for when resumption has once been entered upon, it must be carried through at whatever cost. If begun and not accomplished it would be difficult to estimate the danger which would result from sueh a failure. In a country like our own, where the popular vote ultimately settles all questions, and where prejudices and passions are so easily aroused—and where, at the same time, it is plainly impossible that any large proportion of those who cast the ballot can understand, or appreciate, the necessity of resumption as the first step toward permanent prosperity—any unnecessary delay in resumption might prove fatal. Probably failure in 1879 would so affect the people that they by their votes would render resumption impossible for many years to come. Therefore we should consider well the conditions necessary to resumption, that we may be able to accomplish our purpose.

There are two things essential, the omission of either of which would render resumption impossible. The first thing necessary to specie payment is the possession of a sufficient quantity of gold for that purpose; the second the opportunity for its employment. This may seem a very simple statement, nevertheless it is a very important fact, for on the two conditions here mentioned will depend whatever success we may have in our efforts to resume. If we recognize this fact and so act upon it as to be prepared, then we may be assured of success; ignore it, and failure must be the result, for we cannot reasonably hope to accomplish so great a work

unless we make preparation corresponding to the task in hand. The mere fact that the premium on gold may disappear would not of itself be any evidence that resumption could take place. It would only be an indication that the time was favorable for such a step, if the preparation necessary had been made and we were in a condition to take advantage of it.

The premium on gold might disappear, yet we not possess a sufficient quantity of coin for resumption. We must not only have the gold, but we must find it necessary to use it; there must be a place for it; this place we must first create, if we do not, gold can be of no service to us; it will still be merchandise, and only such an amount can remain with us as will meet the demand for it as such.

How can this place for gold be made? It can be made by hoarding gold until the fund is large enough to begin the resumption of the legal-tender notes; when these notes are redeemable in specie, they will be sent in for redemption in such an amount as to satisfy all demand for gold, and in this way remove all surplus currency. All that part of the specie which would represent what is now surplus currency, would not remain with us because it would not be needed for monetary purposes. It must leave us and go where it could find employment, unless some way should be provided for gathering it up and holding it in reserve for future use.

Had the government availed itself of the power, which I think it possesses, to sell bonds and keep the gold in the Treasury, I doubt not that the fund would be large enough in 1879 to make resumption by this way a complete success. If the time of preparation was even now long enough this course would be preferable to any other, but I fear the time is too short in which to accumulate the amount of gold that would be required, and to avoid possible failure it would be better to resort to a second, and under the circumstances, a more sure and simple way, which is to be found in the funding of the legal-tender notes to such an extent as will leave the balance outstanding at par with gold. When this shall have been done, we shall have arrived at a point when there will be just currency enough for all legitimate business purposes, and while we shall have no more currency than will be needed, it will still be irredeemable paper, though not at a discount. It will possess the purchasing power of gold in the market, but will not purchase gold itself in any great amount; we shall then have a currency at par with gold, but not redeemable in it. When this point has been reached, and not till then, shall we be where specie payments will really begin. Up to this point we shall only have been clearing away the obstructing rubbish, and getting ready for the real work before us. All this can be done, yet specie payments be indefinitely postponed. We must first clear away the surplus currency before we can do any thing else that will bring us what we desire. When this has been done, the

Government should be prepared to redeem the legal-tender notes in specie to any extent to which they may be presented —it will be the duty of the Government to redeem in specie the last dollar of the legal-tender notes, if necessary. This will make a place in the currency of the country for the specie, so that it may become a permanent part of the medium of exchange of the land. To make this effectual, the Government should be able to redeem in specie, say 200 million dollars of the legal-tender notes. First, to get them out of the way so that gold can come in and take their place. Second, that gold may have such an employment given it, that it must of neccessity remain with us and become part of our currency—the only legal tender—and constitute the reserve, and be the basis of all financial transactions. If we resume at all, we must have the substance, not the name only.

There must be gold in such an abundance as will furnish the banks with their reserves. This reserve must be large enough to enable the banks to meet not only all ordinary demands, but all extraordinary ones. There must be such an amount of gold that the banks can meet the heaviest strain that can be put upon them. But even this would not be all. There must be a still larger reserve in the hands of the people, from which the banks can draw to replenish their own whenever there shall be a prolonged drain upon it. Such drains are sure to come, for they are the natural results of speculation and overtrading, and so long as human nature remains what it now is, there will be this discounting of the future, with its consequent penalty.

We must build our foundation broad and strong enough to bear the heaviest pressure that can be put upon it. This foundation can be properly built only upon the ruins of the legal-tender notes. A large part of them must perish; it would be better if all were destroyed, and specie put in the place now encumbered by them. With the legal-tender notes in existence, there can be no resumption that will be permanent. It will be only a question of time for the whole financial fabric to break down, and bring with it the ruin which always accompanies such disturbances. Undoubtedly resumption can be commenced with the destruction of only a part of the legal-tender notes, but there cannot be any stability to our finances until all of the paper legal tender disappears, and specie becomes the only legal tender of the land. I have no faith in anything short of the entire destruction of all legal-tender paper. For, if specie is to be the basis of all our financial transactions, then all other legal tender should be retired so as to make room for such an amount of specie as will be needed.

I have said that the Government might find it necessary first, to fund the legal-tender notes to such an extent that the balance would be at par with gold. This is as far as the

funding process should be allowed to go, for when this point has been reached, there will be just enough, and not too much, currency; below this it will not be safe to go. Any contraction beyond this would unquestionably paralyze the industries of the land, and bring down prices to a point below those of other nations. It will not be any answer to this to say that gold would flow from other countries and remedy the evil; for the damage would have been done, and the fact that it could have been prevented, will not in the least lessen the sufferings that such a course would so unnecessarily bring upon the people of this country.

It will then be the duty of the Government to be able to give specie for any legal-tender note that may be presented. It was by an act of the Government that the finances of the nation became deranged, and it must be by Governmental action that this derangement be removed, and the National finances be restored to their normal condition. The whole duty of the Government in this matter does not lie in merely paying the debt which is created, for by creating a debt in the form of currency, with a forced circulation, it has bound itself with a moral as well as a legal responsibility. It cannot afford to ignore the one any more than the other. When by creating a debt in the form of currency, which drove out of circulation all the specie which had been in use, it assumed doubtful powers, took out of the hands of the people the means whereby they could faithfully perform their obligations, and in doing this removed personal responsibility, and took upon itself all responsibility, moral and legal. This responsibility cannot be removed from the Government until it has restored the finances of the country to their rightful condition. It substituted paper for gold. It must now give gold for paper, and give it in such a way as not to disturb unnecessarily the finances and industries of the country. This can be done only by putting a dollar in specie in the place of each dollar of the legal-tender notes withdrawn. When the Government does this, it will perform all the duties in this regard now resting upon it. If it does not do this, it will fail to perform the highest and most sacred of the obligations under which it lies.

In discussing this question, it should never be forgotten that resumption is restoration, not equalization as so many seem to think. Equalization is the necessary preparation to resumption, the bringing of paper and specie upon the same plane. Resumption is the restoration of the normal condition, the substitution of specie for legal-tender paper. Equalization would render resumption possible, resumption would make equalization permanent.

When the Government shall have reduced the legal-tender notes in the way I have stated we shall have specie payment; then we shall be met with the question as to how it can be maintained. Until specie payment has been reached the

responsibility of resumption rests upon the Government, but when the legal-tender notes are once out of the way the responsibility of the Government will end, and that of the banks begin. For this reason if for no other all of the legal-tender notes should be disposed of. The question will then come directly home to those of us who are bankers, how shall we be able to meet this heavy responsibility, for meet it we must, and be prepared to perform faithfully and perfectly the duties which then will be ours. If the legal-tender notes shall all be retired, as they ought, and specie take their place the probabilities are that the circulation of the banks would reach 400 millions of dollars. It will then be the duty of the banks to be prepared to meet every demand for specie that may be made upon them. This brings us at once to the question of the reserve: what amount would be necessary, and in what way it should be kept. The amount of the reserve necessary can be determined only by experience. All estimates would only be guessing at the question. If the reserve should be a general one located in New York in connection with the Bureau of Redemption, it need not be so large as it would if each bank held its own and was obliged to redeem its notes at the counter. In whatever form the reserve shall be kept it must be one of a considerable amount. I am inclined to the view that the National Banking Act should be so amended as to establish the Bureau of Redemption in New York; that the banks should keep at this bureau, say, ten per cent. of their circulation in specie. The banks should not be obliged to redeem their notes at the counter except in small amounts, but to receive them for all dues. The notes of each bank should be a legal tender at every other bank, and to insure the country against a dearth of specie, to no bank should be issued any notes of a smaller denomination than five dollars as a part of the circulation on account of bonds deposited with the Government for that purpose. But here we would be met with an outcry against the abolition of the one and two dollar notes. We have become so accustomed to them that it is doubtful if the country would be satisfied without them. To meet this difficulty, each bank might be allowed to issue, not to exceed twenty per cent. of its circulation in the notes of the above denominations, such notes not to be a part of the circulation secured by a deposit of Government bonds, but separate and in addition to it, and for every one hundred dollars of such notes issued, the bank issuing them shall keep in its vault fifty dollars in specie as a reserve against these notes, this reserve to be held as a special one, not to be counted as any part of the general reserve of such bank. It should be made not liable for any other debt of the bank, but be kept apart from all the other assets of such bank. Any bank failing to keep a reserve of fifty per cent. of the notes thus issued shall pay a heavy fine, and any cashier

who shall fail to keep this reserve intact shall be liable to a fine and imprisonment for such neglect; and it shall be the duty of the Comptroller of the Currency to cause the arrest and prosecution of any cashier who shall fail to keep good this reserve.

One advantage to be derived from a general reserve located in New York is, that such a reserve would act as a financial barometer, indicating to every bank in the land the condition of monetary affairs, giving timely warning, and at the same time compelling every bank to faithfully perform all its duties to the currency of the country.

The Government should limit its supervision of the banks to the currency and the reserve necessary for it, holding the banks rigidly to the performance of their duties in this part, but in no way legislate or have any supervision over them so far as they are banks of deposits. In taking this ground I am aware that I shall find myself opposed by many thoughtful men; nevertheless, I must maintain that it is no part of the duty of the Government to take cognizance in any thing pertaining to the banks, except the circulating notes, with the control and supervision of which all the duties of the Government should end. Beyond this the interference of the Government is as dangerous to the public as it is feeble to protect it from the sometimes unwise confidence which such supervision inspires.

Under such a system as I have sketched the banks would be obliged to keep a much larger amount of capital unemployed, than under any system this country has yet had. The burden would be a heavy one, but one that the best interests of the country demands.

In consideration of the weight of responsibility that would rest upon the banks, all taxes by the general Government should be removed. The banks should also be allowed to take out circulation to the par of the bonds deposited for this purpose. The intent of the law requiring the banks to deposit bonds for their circulating notes, is to secure the bill holders against loss. Safety does not require that the amount of security should exceed the liability; anything in excess is simply a needless tax on the banks and should be removed, leaving them free from any unnecessary burden.

In this paper I have had no intention of showing the necessity of banks, and the important part they perform; of the great assistance they are to every industry; of the aid rendered the Government in the late struggle for National existence. All this is history; any one who cares to know can easily find out for himself that banks are an important part of the economy of industrial and commercial life. I consider it a waste of time to labor with those who have arrayed themselves against the banks, for I cannot think they possess enough honesty of purpose to desire the truth. Leave them alone, and all who desire the best interests of the

country, should work together that resumption shall be accomplished, and forever after maintained. If we desire prosperity that will be permanent, if we wish to avoid evils too great to be now comprehended, we must resume specie payment at the time appointed by law. It will be worse than folly, it will be a crime against the prosperity and happiness of the people of this country, if the Government should fail to make such preparation as will insure resumption in 1879. That a sufficient preparation is being made, one may fairly doubt. Something is being done, but can we be assured that it is sufficient to the end in view? For one, I entertain the gravest doubts, and fear that the Government will be too weak to make complete the work it has to do. Failure there must not be; let those whose duty it is to see that the Government is prepared to carry out the work not fall short of their duty, if they desire to save the nation from a great disaster and themselves from reproach.

NEW HAVEN, CONN., January, 1878. GEORGE A. BUTLER.

MERCANTILE FAILURES AND THEIR INDICATIONS.

So much money has been lost by investors, and by business men, during the last ten years, that a feverish anxiety is growing in the public mind to know whether in the early future there is a fair prospect of much improvement. The report of failures for 1877 which has just been issued by Messrs. Dun, Barlow & Co., offers a number of facts which are well worthy of examination. It appears that the failures throughout this country during the last year were only 8,872, against 9,092 for the year 1876. The liabilities of the insolvent firms were $190,669,000 in 1877, and in 1876, they were $191,117,000. This statement will surprise many of our readers who have doubtless inferred, from the frequency of the failures during the last three months, that the year 1877 must have been distinguished by a heavier aggregate of mercantile disasters throughout the country than any previous year since the panic of 1873. We may, however, state that in the first three-quarters of the year the number of failures was relatively less than in the last quarter. The statistics of the year give the following comparative view of the casualties for each section of the U. S., and for the Dominion of Canada:

				1877.			
STATES.	*Number in Business.*	*Total Bank Circulation.*	*Average Bank Circulation for each Trader.*	*No. Failures.*	*Percentage of Failures.*	*Amount of Liabilities.*	*Average Liabilities.*
Eastern States.......	77,724	$112,678,336	$1,450	1,353	1 in every 58	$26,088,007	$19,281
Middle States........	224,707	112,811,913	547	3,049	1 in every 73	77,173,750	25,311
Southern States......	91,783	23,531,026	256	1,078	1 in every 85	17,271,920	16,022
Western States.......	231,557	65,194,381	281	2,756	1 in every 84	56,187,074	20,387
Pacific States & Ter..	26,235	3,098,454	118	636	1 in every 41	13,949,185	21,932
Total United States.	652,006	$317,314,110	$486	8,872	1 in every 73	$190,669,936	$21,491
Dominion of Canada.	56,324	22,018,658	391	1,892	1 in every 30	25,523,903	13,490

No estimate is given of the assets of the insolvent firms reported in this table. On the usual estimate of thirty-three per cent. the loss inflicted upon the creditors will amount to more than 120 millions of dollars. This sum fully equals the annual interest of the public debt of the United States, with the contribution of one per cent. to the sinking fund, as required by law. We regret that our space forbids extended quotations from the circular before us. We cannot omit, however, to notice the remarks on the failures of the past sixty days, which have been more numerous and more important than have ever occurred before in an equal period. It is stated that the evidence is increasing that mercantile morality is on the decline, and that men in business whose conscientious scruples are not very sensitive avail themselves of the leniency of their creditors and the imperfection of the law to swindle the public.

"The lack of honesty," says the report before us, "is nowhere more plainly seen than in the failures that occur with the deliberate purpose of making money by compromising indebtedness at as much less than its face as can be accomplished. The evils that flow from an encouragement of this policy are fraught with consequences the most destructive of sound trade or future safety. In every community where an operation of this kind is successful the honest, thrifty, and capable merchant is placed at a tremendous disadvantage. He may well despair of success in competition with those whose incapacity, lack of capital, or want of honesty, has enabled them to own their assets at a fraction of their value, and who can, therefore, afford to undersell all others not so fortunate. The influence of the proposals that Congress should inaugurate a policy compromising the indebtedness of the country, is already seen in the debased public sentiment that prevails as to the payment of private indebtedness in full. An example of this character, in quarters so high, cannot fail of an effect most potent in the worst direction, for it is idle to suppose that the public faith can be impaired without a corresponding result among the vast class who are honest only from policy."

This is one of the most discouraging features of the financial situation. Taken in connection with the wide-spread agitation which artful demagogues are fomenting throughout the country, in regard to the sacred obligation of debts, it augurs unfavorably for the early revival of that financial confidence which is one of the chief forces on which we shall have to rely for the recuperation of our National industry. On the whole, then, the figures and facts of this report, while they indicate that the business of the last year did not involve such heavy losses as has been supposed, offer less of hopeful promise than we could wish for the early future.

PRODUCTION AND EXCHANGE.

[Messrs. H. O. Houghton & Co., of Boston, have now in press, and are about to publish a book under the title of *The Political Economy of the United States, Great Britain, and France, in their Monetary Systems—A New Science of Production and Exchange.* This work is from the pen of Mr. John B. Howe, of Lima, Indiana, whose contributions to the BANKER'S MAGAZINE, upon the subjects of Deposits and Reserves, will be readily remembered by many of our readers. Mr. Howe dedicates his book to the bankers of the United States, as those who know best the losses and burdens to which banks are subjected. Mr. Howe's definition of money and of the nature of deposits, is embodied in the following article, which may be considered as an introduction to, and a summary of, the book whose title is given above.—ED. B. M.]

My theory of money, and consequently of deposits, is, I believe, entirely new, and therefore so entirely opposed to all current ideas and the language which embodies them that to get a fair hearing at once may perhaps be difficult.

Commerce is a series of exchanges; gold and silver are exchanged for all articles of merchandise in international commerce, where there are no convertible promises to deliver them on demand. Where there are such promises they may be substituted in the national markets, except where shipments of money into the markets of other nations are required; and in the latter case, the money usually becomes merely bullion. Gold and silver in coin, and all other metallic money, when actually exchanged for merchandise of any sort, naturally, because necessarily, cease to be like the ordinary merchandise for which they are exchanged. The relation between one kind of merchandise and another when the two are directly bartered for each other is plain and palpable, and consists of the different uses to which they are to be put, and the respective quantities of each to be had, etc. When two Africans or two Indians exchange commodities, they naturally, perhaps instinctively, value by *units.* This is demonstrated by the kind of money they use, where they use tangible money at all. There was at one time a Western tribe of Indians which used elk teeth. These must have been substantially mere units of valuation and purchase. There was an African tribe, says Montsquieu, who used abstract units called Macoutes to make their exchanges. There was really no such thing as a Macoute, except as the name of an abstract unit; if there had been it was no longer to be found. These were merely units of valuation, and not of valuation and purchase.

This is the true nature of all money, Neither gold nor silver money in its character of money, can by any possibility be valued, nor can it value as an ordinary commodity. The bullion can be so valued and can itself so value; and can value and be valued in no other way. Hence the bullion rates in London are mere barter rates of exchange between gold and silver, or metallic merchandise or commodities; silver has not fallen 15 per cent. below gold, but only 7½ per cent. while gold has risen 7½ per cent above silver. One has lost and the other has gained in barter rates, precisely to the same extent. If Germany had kept silver as standard instead of adopting gold, while on the other hand the Latin Union had, as they virtually have, made gold the standard by stopping the free coinage of silver, silver would have fallen less and gold would have risen less than it has in London. The difference resulting from the act of the Latin Union, whatever it might be, would have found expression in Berlin as a rise in gold and not a fall in silver; and it could not be intelligibly stated in any other terms. On the London side we should in that case, I will suppose, have a fall in silver of say 7½ per cent., and on the Berlin side a rise in gold of 7½ per cent. But rise of gold can not take place at Berlin unless silver is stationary at Berlin, and fall of silver can not take place in London unless gold is stationary at London. A contradiction in terms results which can only be solved by a mutual compromise. The solution is, that gold has risen halfway and silver has fallen halfway.

But this has nothing to do with the actual average purchasing power of gold in England, and of silver in Germany or India, in the shape of units of money. Average purchasing power of gold and silver depends upon two elements: First, total number of units coined and distributed; and second, total amount of circulation accomplished by them. The relation of the metallic merchandise or commodity gold, or the metallic merchandise or commodity silver, to all other merchandise or commodities is necessarily and unavoidably abstract; that is to say the only conceivable relation between them *universally* existing is that of units; and this conception is practically carried into effect, whenever, wherever and however money is used.

This is the reason and the only reason why paper money largely takes the place of the metals. All money becomes a substitute merchandise or commodity in all exchanges. But to speak with rigorous accuracy it is only a series of units of valuation, purchase and payment, limited so far as limited at all, if metal, by the quantity of metal to be had; if convertible paper, limited perfectly or imperfectly by the units of metal circulating at the same time; and if inconvertible, only by the exchanges it makes with commodities.

This analysis lets in a flood of light upon banking reserve

and deposits. If gold or silver in the banking reserve is an ordinary commodity, as Adam Smith and everybody else in his time believed and asserted, and everybody has taken for granted since, then merely to supply the demand is all that is necessary, and bankers keep much more than is necessary, because they keep much more than enough to meet ordinary calls. But if gold and silver money furnish, as unquestionably they do, the steadiest currency, not because they are ordinary commodities, but because there is already a vast accumulation of such money distributed with and by commerce, and because instead of being ordinary commodities they are really units of valuation, purchase and payment, or substitute commodities, if in order to aid the understanding we choose to call them so, then an intelligible relation between deposit—reserve and deposits is immediately demonstrated.

If we wish to regulate deposits, we must do it by the reserve; if we do not, deposits will regulate the volume of the reserve instead of the reserve regulating the volume of deposits. Deposits as distinguished from the reserve, are not money, but a power to put in circulation money out of, into, and in some cases (by clearing) in the reserve, equivalent, so far as the circulation into, out of, and in the reserve is concerned, to so much money. They are a power to put in circulation by means of the stream coming into the reserve, the same amount of money the owners of the power could circulate, if they had bank notes or metal equalling the powers in volume; while the banks at the same time have an unlimted power to put in circulation, through loans, all the money the producing market will stand, short of a crisis; and these loans are all supplied, as they are made, out of the same stream. This results from the unit character of all money. The only check possible or supposable in the case, is a limitation of the volume of these powers (created by bank loans) by the incoming stream of deposits, which is supplied by actual exchanges of merchandise for consumption. Why and how such a limitation naturally results from the use of sound convertible bank notes, coming from banks of issue only, having no function of deposit or discount (for all which we have the testimony of Adam Smith in respect to the Scotch banks of issue of his time); and why and how it happens, that no such limitation exists in respect to the powers referred to, called deposits, which are equivalent to bank notes, I have discussed in every form I could think of, and from every angle of observation I could find, in the book referred to above.

My theory thus answers the old question: "Of what use is metal in banking reserve beyond supplying the calls of those who want to carry it away from the bank?" It is equally efficient in solving the problem in respect to the remoneti-

zation of silver by the United States. The objections to remonetization do not arise from the cheapness of silver or dearness of gold. Probably no material difference would exist between the purchasing power of silver in the United States, should our barter rate of monetization drive out all the gold; and the purchasing power of gold, should we refuse to remonetize. Other things being equal and no treasury notes kept out in either case, probably the difference would not exceed three per cent. In other words, we might have in one case three per cent more of silver dollars, their multiples and fractions, than in the other case of gold dollars, their multiples and fractions. To bring about this final result, would take some time, but before it could be accomplished the barter rates of exchange between metals in London would produce fluctuating rates of exchange against outgoing produce from the United States, which could only be paid by an arbitrary credit given to the outgoing produce to cover the difference. This would make its appearance in the bills of exchange, founded upon the outgoing produce. The debit to silver, in the barter exchange with gold in London, would be paid by American outgoing produce. In order to make this payment it must first, through bills of exchange, be credited with that difference. To create this credit a credit must be entered for bills of exchange, founded upon and resulting from the outgoing merchandise. This would create a debt to be paid by all production and all commerce in the end to a great extent, although outgoing produce would retain, probably, a part of the credit it had received. Furthermore, merchants and bankers of the United States are not yet ready to deposit in the Treasury all their silver, and circulate it by means of paper. To circulate it in any other manner, after driving away all the gold, would be intolerable. To substitute silver entirely for gold, and take the load other nations have thrown off in part, and will gradually throw off entirely, would be to go backward and not forward; it would also cost more than to keep our present stock of gold, get a little more, and maintain an outstanding circulation of Treasury notes to the amount of 75 to 150 millions.

Whether we keep gold, or exchange it for silver, an equal cancellation of bank and treasury notes is demanded, in either case. Ultimately, in case of remonetization at the ratio of sixteen and one, the barter exchange between metals would settle down to a comparatively steady rate; perhaps three per cent. The change would be an experiment, resulting in no expansion, in the popular sense, but in great inconvenience, and a postponement of convertibility. The premium on metal in treasury and bank notes, is no indication of the contraction we must actually make in the volume of outstanding paper. The real contraction which has taken

place is in production and business; production is the original source of deposits over and above reserve; the whole volume of money must be reduced. This volume has at this time nothing to do with prices.

These are the true and therefore the only really practical objections to the remonetization of silver at the ratio of sixteen and one. The whole subject should be postponed to a congress of commercial nations. If the United States choose, they have undoubtedly the same right to remonetize that other nations had to demonetize. They are bound by only one guaranty, and that is to keep their creditors and all other creditors safe from any loss by reason of their act, when the loss is the direct result of it, and from any loss by the act of other nations. Had the United States driven out gold by undervaluing its barter rate with silver, instead of driving out silver as they did, by undervaluing its barter rate with gold, the late demonetizations would have caused a rise of barter rate on the part of gold, which would have depreciated their silver dollar regarded as bullion in European markets. This loss the United States would have been bound to make good to their creditors, although the exact tenor of the bond would not have required it.

It is not the legal tenor of their obligations which binds nations; it is their equitable tenor. The barter rates of the two metals, or the barter rate of one metal to-day, as compared with its barter rate at a future day, as in the case last supposed, must determine the question; it is not the relative purchasing power of the two metals considered as one in respect to all commodities, nor the relative purchasing power of one metal (*e. g.* silver) to-day, compared with its purchasing power at a future day, that determines the liability. That difference is practically incapable of being ascertained, depending upon an indefinite, I had almost said infinite number of ratios, resulting from each purchase. Governments may depreciate gold forty per cent. in purchasing power, as did the United States, but this they can not be called upon to make good to home creditors. Purchasing power is one thing; barter exchange rates between gold and silver, or gold to day as compared with gold to-morrow, and silver to-day as compared with silver to-morrow, are another thing.

Again, were there but one metal, quantity of metal in a money unit of a given name to-day is one thing, and quantity in the same unit to-morrow, is another thing. To raise this question of barter exchange requires more than one country, and a market like that of the commercial world, composed of the markets of several countries, and purchasing power is not an element of it. The late commission appointed in England to inquire into silver

prices in India, resulting from the late demonetizations of silver, ought to have been supplemented by a commission to enquire into gold prices in England. From the standpoint of gold and silver money being ordinary commodities, and governed by the laws of ordinary commodities, one commission would have been as reasonable as the other. It is a mistake to suppose that bankers have any peculiar interest in opposition to the remonetization of silver; so far as bank-note redemptions go, their interest lies with remonetization. It is really the whole country that is interested against it, and not a part of it.

These are some of the new ideas brought forward in the book, and to them I invite the attention of all bankers. I ask this because it is so difficult to get a hearing upon a subject which every one supposes that he understands sufficiently already. It is credit of some kind on a gigantic scale which is the cause of commercial crises. It comes in some way from bank loans, because a banking crisis accompanies a commercial crisis. Either the latter causes the former, or the former causes the latter. But it is impossible for commercial crises to be the cause; they are only the result. Banks then are the cause or one of the causes, and the cause is brought to bear through loans, and loans depend upon the reserve.

It is inconceivable how a mass of metal or ordinary commodity in the reserve can have any effect. It must and can be conceived as a series of units only, like the units of bank credit. Without this conception, the whole subject is chaos.

Upon no other conception of money is it possible to understand in what way a reserve of metal can, in any manner, regulate bank loans, or have any necessary connexion with them. It is in consequence of the credit character of all money, that bank debt, whether in the shape of notes or credit entries, connected with outstanding circulation by means of the reserve, becomes a substitute for an equal number of the units of metal in bank-note redemption reserve, and in banking reserve. Whoever offers metallic money, bank-note money, or credit in bank, to be transferred by check, in exchange for all things on sale, labor included, is by convention entitled to make the exchange. If by any artificial contrivance the money can be used to pay for labor faster than the results of that labor can command the same amount of money the labor cost, the result (which is the main thing to be looked at) is production on credit. The credit consists in obtaining a living by consuming, through the aid of the money advanced, things other than those produced, and retaining the savings of labor in the shape of earnings to be used, as the other portion of the money was, in future

support and in paying over future wages out of profits obtained from sales of the overstock by producers to those who can not sell it to consumers; from profits out of such sales realized by stockholders, and from vast sums in the shape of discount and interest paid to banks and individuals out of the same fund, and from wages indirectly paid out by the receivers of these dividends and profits through railroad debentures, mortgages, city, town and county bonds, &c., bought by them, the proceeds being applied to pay for labor or debts due labor.

It is said that deposits arise from sales. This is a mistake. They arise from production, and under the English and American system of banking, they arise from production on credit. The means of creating the credit consist of the loans of money which are used to pay for labor faster than labor's results will sell, or can themselves become productive. It is a blocking of the exchanges. This is the real credit. Banks do not make all the loans; they make the loans by which other loans become possible, and then all the loans taken together constitute the vast system upon which production on credit is built up.

The ability to produce is limited, and hence the power of consuming — if not limited otherwise — is limited by the power of producing. Consumption is thus brought to an average, and being itself thus brought to an average, brings the circulation of money, as the means of distributing the things to be consumed, to an average.

One class of consumers can not go far in advance of another therefore, and so far as they do go in advance, the circulation of money must go equally in advance, and general prices must rise. Production rises in proportion, until checked by the law just stated. Money in the reserve is deposited from the outstanding circulation, which is all the time making distribution to consumers. On the other hand, the increasing volume of deposits shows the increase in the volume of products which can not be distributed for consumption. Therefore to allow deposits to increase in this manner is to attempt to regulate consumption by produce tion, the commerce of commodities by production of commodities. To regulate deposits by reserve is to limit, at some point, the production of commodities, by the commerce of commodities, and hence if metal constitutes the reserve, it must itself constitute a part of outstanding circulation, either alone or in company with bank notes, as was the case in Adam Smith's time, in Scotland. This is the only kind of real connection between deposits and banking reserve, because reserve on the one hand shows the consumption and therefore the real commerce of the country which supplies it, and on the other hand, deposits show a large proportion of the production of the country

which supplies the commerce; the ratio between deposits and reserve shows the ratio or proportion between accumulated stocks and actual commerce. If that ratio is maintained at an average within short intervals business is sound and healthy, as in France, with her metallic currency without banks; if at long intervals only, as in England, under her virtually metallic currency, and in the United States with their convertible bank-note currency, business is not sound and healthy, because the average can be brought about only by a commercial crisis, which, in true economical science, is a rectification of the exchanges, by forces paramount to money and the use of money.

My theory of money thus explains all the phenomena of money, in addition to the fact that I have demonstrated it both directly and indirectly, synthetically and analytically, in advance of this explanation. It shows also in advance what the commission of inquiry into East India "silver" prices discovered to be the fact, that prices have not risen in India in consequence of the fall of silver bullion in Europe, and that any change of this kind must be slow; while on the other hand, any change in "gold" prices must be equally slow; and the changes themselves, when accomplished, will be of little practical importance, unless further monetizations or demonetizations on an extensive scale occur. All this is true because gold and silver coin have no universal relation to all other commodities except that of numbers by units, and no mental conception of any other universal relation can be formed. Bullion rates are therefore a part of necessary means to the end, which is coining of units of weight to be used as money. Changes in the latter are the slow and gradual results of changes in the former. No extensive changes in purchasing power are likely to result.

Relative consumption of gold and silver in the arts and manufactures is increased by relative increased production, and diminished by relative decreased production. The vast store of silver and gold in the latter shape and the vast store (probably twice as much) in coin, render it practically impossible that there should be any over production of either metal, because the ratio of production to money is so small; but, nevertheless, under deposit loans, conservative bankers, manufacturers and merchants are powerless in checking the advancing tide of ill-balanced production. How to do it, I have shown in this work.

The question, "What is money?" has, in my opinion, never been answered truly before, because the answer has always been and still is, Real money in the shape of metal is a commodity, like all other commodities. I claim to have demonstrated in this work that it is not an ordinary commodity, but a conventional one; in exact

language, a unit of valuation, purchase and payment, and, taken altogether, a series of such units limited in number by the metal which localises them.

Having thus answered the question, "What is money?" I am prepared to answer the questions, "What are Deposits?" and "How do they affect production and commerce?" As articles of commerce are produced and sold in excess of consumption deposits increase; as they are sold to consumers who get their money from articles of commerce they have sold themselves, the reserve increases. The *circulation* of money is everywhere and always one and the same thing, because money is everywhere one and the same thing in substance; and production, commerce and circulation constitute one grand whole, whose minutes are recorded in England and the United States, in deposit and discount banks. It is impossible to understand this fully without a preceding analysis (mentally) of money and its uses. It is because all money is essentially a series of units, each of which is possessed of purchasing power, in proportion to the number of all of them, multiples and fractions included; whether units be in the shape of reserve or in deposits generally or in bank notes, or in any kind of commodity (even wheat by measure or weight units), that the reserve is in any sense a regulator of discounts. Whatever may be the money in circulation, the reserve, in the absence of artificial regulation, is made up and consists entirely of money deposited out of that circulation; and that circulation is the circulation of a consumer's market. If, on short averages, seventy-five per cent. only of all deposits were kept out on loan there could be no such thing as we call a banking crisis, because the consumption and therefore the exchanges of merchandise with and among actual consumers would, upon short averages from that point, equal the production of merchandise and of all commodities and services.

There are three grand fallacies which must be subverted before there can be any progress in monetary science: a bank does not deal in debt or credit, as commonly supposed; money (gold or silver) is not a commodity; the doctrine that there can be no overproduction is absolutely false though relatively true. In opposition to these fallacies, I claim to have demonstrated the following propositions: A bank deals only in that additional use of money deposited, over and above the use made by depositors, which the current of incoming deposits enables it to make, and the result appears in loans on the side of the bank, and production on the side of the borrower. This additional use may be called the credit circulation of money. A bank of deposit can no more deal in its own debt than a house can stand in the air without foundation. The moment it deals in its own debt it must become a bank of issue in

some form. Deposits come only from outstanding circulation. Hence to fix and keep reserve at a certain point is merely to stop using the money of commerce at a fixed point, instead of using it in further production. This is demonstrated by the fact that when reserve ends banking ends. Money is not a commodity but a series of valuing purchasing, and paying units; otherwise it could never furnish steady circulation and prices. M. L. Say's law that there can be no overproduction, while relatively true in a limited sense is absolutely false, because the absolute necessaries of life cannot be overproduced, while the relative can be and are being overproduced in a ratio progressively increasing with the progress of civilization. In France rectification of the latter takes place within short, in England long, and in the United States still longer periods. The present generation of writers and bankers will not accept and act upon these new ideas or theories; the next will.

If banks deal in credit it must be an ordinary credit like that of merchants given to merchants; but this is impossible because one of the effects of bank loans is to raise general prices. Mercantile credit only raises the price of the merchandise sold on credit. Again, bank loans feed laborers, producers, and their families, whether the loans are made directly to first producers who originate, or to intermediate producers, who produce additional value in the merchandise on its way to market. The latter step into the first producer's place in bank, through a loan which succeeds and also adds to the amount of the first. Neither mercantile credit, nor any credit which resembles it, can accomplish those results, which bank loans undoubtedly accomplish, and which every practical man must admit they do accomplish. The premises, being thus contradicted by the conclusion in two very important particulars, must be false.

The fallacy that banks deal in their own debt, probably arose from the fallacy that bills of exchange, notes, and checks, are a "species of currency." If the notes given for merchandise, and the bills drawn against it, circulated generally, like bank notes, then undoubtedly they would be money as well as bank notes, and would affect prices in the same manner. They would also be equally efficient in buying the merchandise necessary to support the laborers, producers, and merchants, who are creating overstock and holding it by the aid of bank loans. But this is not the case. Checks would also be money as well as bank notes, if they circulated in the same manner, but they do not. They are the instruments to put in circulation the money which is called the reserve. This word of itself indicates what deposits are. All the circulation brought about by depositors, whether they become such by loan or not, is through

the reserve. What has helped to perpetuate the fallacy that a bank deals in its own debt, is the old theory that money has a mercantile value. Because this is an error, and money is really a series of units, there is no assignable limitation, but a commercial crisis, to the amount of circulation which may be accomplished by means of the reserve.

It is the rise of prices and feeding and supporting producers and laborers of all kinds which causes that want of harmony in production, which can only be rectified by a commercial, industrial, and banking crisis. All loans of money even in France, cause production on credit, but rectification of the exchanges of merchandise and money takes place at short intervals. If we represent the production of absolute necessaries by a circle, and that of relative necessaries by an inscribed polygon, then to designate the production and commerce of France, we may inscribe a polygon of 360 sides, for that of England, one of thirty-six, and for that of the United States, one of eighteen sides. In France, the inscribed polygon for all practical purposes is the circle itself, because it touches it so frequently.

Relative deviation from harmony of production in the three countries is thus illustrated. The absolute and the relative are practically on a par in France, but are brought together in England and the United States only by a crisis. It requires a severe crisis to make the inscribed polygon touch the circle in England, and a still more severe one in the United States. The forces at work to bring on a crisis both in England and the United States, are in the end paramount to money and the circulation of money.

That the operation of these forces is postponed to so late a period in England and the United States that a banking and commercial crisis is the only remedy, while in France they operate so speedily and continuously, that no crisis arising from causes working at home, makes its appearance, results from the fact that money is what I have affirmed it to be, and not a mercantile commodity, and because a bank deals, not in ordinary mercantile credit, or a credit resembling it, but in a circulation of depositors' money which is represented exactly by bank loans, and which is in excess of all the circulation caused by depositors themselves. If deposit banking (without power to discount) could be and were introduced at once throughout France, depositors putting their money in circulation by the use of checks, twenty-five per cent. of the money deposited would be sufficient to meet all calls, and the remainder might be locked up. The incoming stream of deposits would supply the outgoing stream represented by checks. The money locked up could not be used by the banks without adding seventy-five per cent. to the existing volume of loans. Suppose the banks to use it, however; it would create a crisis; but if the banks

carefully refrained from loaning any of the twenty-five per cent. now constituting the "reserve" there would not be another crisis, because, henceforth bank loans would be stopped at a definite point, the banks loaning seventy-five per cent. of all their deposits and no more. This is what I propose for American and English banks in the work referred to.

To illustrate the operation of the English and American system as it differs from the foregoing: Suppose the French banks to depart from their wise resolution, not to use more than seventy-five per cent. of the deposits in loans and to make loans without any limitation by the reserve, they would then introduce the English and American system of banking, and with the same results As Mr. Bonamy Price says in relation to reserves in the Bank of England, which includes a large amount of the reserve of all the banks, there would still be an abundance of metal in the reserve to answer, and more than answer, all calls. This comes from metallic money not being a commodity, but a series of units, like bank notes. All this time the French banks would deal only in money in the reserve, precisely as they did at the beginning when they were merely deposit banks, and precisely as they did when they limited discounts by their reserve. The American banks, if permitted, could, under "specie payments," pay off their debts in a year by turning out the whole reserve and the whole line of discounts to depositors, or by issuing bank notes for all deposits to depositors, retaining the metallic reserve to redeem with. In either case bank loans would soon come to an end, because the banks would cease to exist, and there would be no deposits to loan from and no stream of deposits to maintain loans. Every bank loan, therefore, would come to an end in time, and production on credit (not production as a total or on the average) would be brought approximately to the French standard, and the circulation would be both paper and metal as with the Scotch banks in Adam Smith's time, and now in France.

Were the American banks thus converted into banks of issue exclusively it would at once appear that bank debt over and above reserve, which I have called a series of powers belonging to depositors, to put money in circulation, out of and in the reserve, is, upon a close examination, nothing of the kind. It was only a figurative expression to aid the understanding in comprehending the assertion that the whole circulation is supplied by the reserve. By the supposed metamorphosis or change of banks of discount into banks of issue exclusively, it would now appear that when depositors keep their own money, a volume, equaling the total of deposits, is requisite to supply the circulation they cause to take place, but when it is all banked, twelve, fifteen, or twenty per cent. is sufficient—the banks loaning all the rest. It would appear that all new loans are still, as all loans at the com-

mencement of banking were, supplied out of what is called the reserve, because there is no other fund to supply them. Deposits, *minus* loans, always equal the reserve, and deposit and discount banks do not loan their credit any more than they loan their confidence or their good faith. Deposit loans come from what is deposited, not from what is not deposited. Not only bank notes, but mercantile notes, and even credit entered on bank books, without any reserve of metal whatever, *might* nevertheless be used if the commercial community would agree to do so, and could thus make their exchanges satisfactorily, as they surely could not.

The point to be noted and remembered, is, that banks can only deal in the money of commerce which comes out of a consumers' market. It must be deposited before it can be loaned, whatever its character may be. The moment a bank puts in circulation anything upon its own credit, it becomes so far a bank of issue. It might enter credits to be circulated by check. This would make it so far a bank of issue. After the credit was deposited, it might loan upon it as a bank of deposit and discount, and not before.

All this results from the fact that all money, including metallic, is a series of units, of valuing, purchasing, and paying power, and not in any case an ordinary commodity. Were it such all exchanges would be made only by the primitive barter of barbarians. The true science of money, of banking, and of bank reserve, will not be understood until this important fact is believed and generally taught. When it is, paper may with great convenience be more extensively used for commercial purposes, if properly limited by metal; the latter being confined chiefly to international exchanges.

For the reasons given, to call my theories by any other name than I have given them, would be a misnomer. They certainly constitute an entirely new theory of production and exchange. I have demonstrated by the chapter on the development of money and its uses, and that in which the monetary systems of France, Great Britain and the United States are compared, that the original idea of money has been developed in two directions; 1st, that of conventional commodity in the character of units of metal, or other material; and 2d, that of mere units localized in paper promises; and that both, as units merely, have value inversely in proportion to numbers. I have demonstrated that the mind can form no other conception of money, than that of a series of units. If all commodities and merchandise were merely circulated as money is, and never used otherwise, no other conception would be formed of them, because that would be the only one called for.

It follows in the second place, without reference to development and *a priori*, that such must necessarily be the case with money.

In the 3d place, I demonstrate the same proposition by collateral facts. If metallic money is a series of units, limited in quantity by the metal which contains and numbers them, then the two metals, gold and silver, ought to be in barter value, one to the other, inversely as the weights of the respective masses coined, assuming both to be universally in use as money, or approximately so; and such has always been the case. Again, if metallic money is an ordinary commodity, bartered for what it buys, like other commodities, then paper money must be the same whether convertible or inconvertible; and barter rates of bullion in London ought to give the relative purchasing power of paper as well as gold and silver. But this is not the fact, and ought not to be the fact, if my theory of money is true. Carrying out this unit theory to its logical conclusions, I demonstrate that banking reserve is sufficient to supply all calls from depositors and borrowers, by means of the incoming stream of deposits, supplied by the circulation of a consumer's market.

Passing on, I demonstrate the important distinction between money and the circulation of money and the true grounds of the fact generally accredited in the commercial world, that gold and silver furnish the steadiest prices, by showing why this is the case in France, and why it is not the case in England. Possibly I might never have made the discovery referred to, had I not commenced my studies with the complex questions, what are deposits, and what is banking reserve? The practical outcome of the theory for England and the United States, is that even with a circulation subtantially metallic in the former, the benefit of the regulating qualities of the reserve is lost, because the circulation of the gold in it varies with the total of deposits, and in the United States bank notes and metal in the reserve, vary in like manner.

The examination of deposits and reserve has also led me to discover, that the theory that there can be no over-production is practically false, and that the disastrous results brought on, in the shape of industrial, commercial, and banking crises are largely to be attributed to what I call the credit circulation of money in banking reserve, giving rise to production on credit as explained in one of the chapters of the book.

The mind almost instinctively repels at first thought the idea that metallic money is a series of valuing, purchasing, and paying units embodied in metal. It may be aided by examining the process of all the purchases that are continually going on. Units of money are proportioned variously to units of goods, and units of the latter to units of money. The resulting ratios give purchasing power on the one hand, and price on the other, and the various ratios compounded give compound ratios of purchasing power and price.

But without a few words of qualification, my definition of

money would be entirely misunderstood. The idea, assumption or belief, that either gold or silver coin is an ordinary commodity, having mercantile value and being therefore an end in itself, instead of only means to an end, is the old mercantile theory itself, pure and simple.

I would not be understood as affirming that this theory, or rather this idea can ever be eradicatea, or that it would be desirable even if it were possible to eradicate it. The distribution of the precious metals has not been entirely in the tracks of commerce, because some nations receive and keep them in excess of their commerce, as compared with that of other nations; and banks have in some countries reduced the natural portion, which, in the absence of banks, they would have required, the surplus going to countries where there are no banks. The idea of mercantile value in money is salutary, where gold and silver, or one of them only, constitute the circulation. Stability does not lie in the money itself altogether, but partly in the persistence of the mercantile idea. Where money however has attained such complex development as in Great Britain and the United States, it has become one of the needs of the time to subject the phenomena which underlie the idea, to rigorous analysis, not for the hopeless purpose of supplanting the idea as matter-of-fact, but for the purpose of scientific demonstration, with a view to the remedy of evils, which with the advancement of society and the progress of improvement, especially in countries possessed of such productive energy as Great Britain and the United States, are assuming frightful proportions.

To remedy this evil it is essential to give a scientific, that is to say, a true answer to the question, What is money? A true solution of this question will enable us to reply to the inquiry, Is it really ordinary credit that banks deal in, or is it credit circulation of money, a circulation in excess of that given it by its owners who deposited it? That there is a gigantic system of "credit" of some kind which underlies banking crises, is past all doubt. The difficulty is that the whole subject is exceedingly complex, and requires searching investigation.

Notwithstanding the ineradicable mercantile idea, the value of money is entirely conventional, because it lies wholly in what it buys. It could not be money if its value were not conventional. Gold, if demonetized, would, perhaps lose seventy-five per cent, of its present value. But even while it is money, this twenty-five per cent. of intrinsic value, which is founded on intrinsic utility, is a value which in point of science, must be eliminated; for if it were not, a dollar in gold would be worth one dollar and twenty-five cents. This intrinsic value is means to an end and not an end in itself. It is means to an end because it helps to

maintain an even ratio of metal, going into the state of coin. But a word as to bank credit. If all the gold and silver in France were banked, and seventy-five per cent. of it loaned out, the remaining twenty-five per cent. would perform as much circulation as the one hundred per cent. did before, because the stream of payments on checks would be payments to sellers, and the stream of deposits, a return of the same money back again by sellers. Clearings would retain a considerable portion of the stream in the bank. But could it be said with truth that the banks were dealing in their own debt? Certainly not, because if the expression could have any meaning whatever, it would be contrary to the fact. Nevertheless there is some meaning behind the expression, if not in it, and it is this: that the circulation given to the money of depositors by the banks would be in excess of all that which could have been given it if there had been no banks. That circulation, if not stopped at a fixed point, would build up and maintain a system of loans like that of the English and American banks; it would be applied to the purposes of production and would lead there as it has done in the United States and Great Britain, to interest and dividends out of and profits on merchandise produced and sold, out of as well as in a consumer's market.

This is not credit, but the circulation of money on credit. In the end, in all such cases, production in the quarter where loans go stands debited with merchandise consumed in excess of its merchandise sold; and to pay the debt, overstock in the shape of iron, cloth, rail-roads, houses, ware-houses, municipal improvements, lands, &c., bought at high prices and destined to be sold or paid for at low prices, stand pledged first, capital of the investers next, then the profits and capital of banks as guarantors, and lastly that of depositors through the guaranty of the banks. This is the kind of credit which rigorous analysis shows to be the result of bank loans not duly limited by metallic reserve. The defect in economical and monetary science (for it is all one and inseparable) lies in not having ascended above results to their causes. My theory of money is furnished by absolute demonstration as well as by analysis.

Applying the theory to the present monetary situation in the United States, the prospect of a return to specie payments within the year 1878, and the first day of the year 1879 are not encouraging. It is impossible to sustain a volume of 600 millions of paper under convertibility. Must not at least one-third of it be retired? If it is not retired gradually in the way proposed by Secretary McCulloch, must it not be retired into gold eagles and double eagles, to the amount of all the gold the

Treasury will have? Will the mercantile idea represented in hoarding, be satisfied with any sum short of 150 millions, so long as such a volume of paper remains not retired? The premium on gold has nothing to do with the question; the contraction of circulation has nothing to do with it. Notwithstanding this contraction the same volume of paper remains. Whoever wishes to study contraction of volume in a currency which has been convertible, by the light of one which has not been convertible, will do well to look at deposits and circulation, as they were in 1857 and 1858, and as they were in 1873 and 1874, and since. Expansion of circulation is paying out money, and contraction of circulation is receiving it back. We have had enough of the latter but none of that contraction of volume, which must antedate convertibility.

Again, will any practical man hazard his reputation by asserting that there will be under any system of convertibility less than fifty cents of metal to every dollar of bank-note circulation and commercial deposits, which latter are equivalent to a like sum in bank-notes in the hands of depositors, and the reserve in the possession of the banks, the two latter being mutually equivalents, while the banks can at the same time maintain the whole volume of loans? That was the proportion of metal in Scotland in Adam Smith's time, and even in the United States in 1857, the difference being that in Scotland the metal circulated with the bank-notes, while in the United States one hundred millions of it were hoarded; the remainder of it was in the banks and sub-treasury, and circulating alone without bank notes in California. If it were practicable on a return to convertibility to limit *all* bank loans to seventy-five or at first eighty per cent of deposits, all the hoarded gold would take its place by the side of bank notes, and the full benefit not of a metallic basis, but of a metallic limitation to the issue of notes and to the use of the reserve obtained. Before this can be done writers on money and leading bankers must be convinced of the truth of my demonstration. That they will be in process of time, I can not entertain a lingering doubt.

JOHN B. HOWE.

CALIFORNIA RAILROADS.

BY GEORGE R. GIBSON.

The discovery of the elasticity of steam is man's greatest triumph over the forces of nature, and its adaptation to railway locomotion its most important utilization. In the presence of the prodigious development of the railway system, it is difficult to realize that a half century ago there was not a mile of steam railway in existence. Now we have in our country alone, a net work of 77,470 miles, upon which the products of all zones are hurrying to expectant markets. The trains which bear them rush headlong over foaming rivers, sterile deserts, and fertile prairies. They pierce precipitous mountains, or scale their snow-clad summits, whirling down the valleys to the sea. They thunder on through populous States, to regions of primeval solitude, from the busy marts of industry to the village and the farm. They spread population, disseminate intelligence, and distribute produce. They enhance the value of real estate, increase and create the value of commodities, open new markets and replenish the old.

The railroad is an index of commercial activity, and a pioneer of progress. The incentives to railway construction in the United States were greater than in England, where distances were less, the country already opened up to population, and where the turnpikes were numerous, and so good that it is said that the Holyhead mail from London to the north-west coast of Wales, was able to make thirteen miles an hour. But the giant strides made in American railroad building, were, until latter years, confined to States east of the Mississippi. Up to 1855, no road had been constructed in California. The first railroad built in the State was the Sacramento Valley Railroad, which was organized August 4th, 1852, and reorganized November 9th, 1854. It opened eight miles of road in 1855, and early in 1856 it was completed to Folsom, a distance of twenty-three miles from Sacramento. In the Atlantic States and Mississippi valley, 18,366 miles of road were in operation before a mile had been built in California, and in 1862, when the Pacific States had but twenty-seven miles, the East had 32,120. The first road built into the chief city of this State was the San Francisco and San José Railroad, incorporated July 21st, 1860, and completed January 16, 1864, to San José (a beautiful town in the Santa Clara valley), fifty miles from San Francisco.

Excessive rates of interest and the scarcity and expense of labor were inimical to railway building, and the peculiar spirit incidental to all mining excitements was still more unfavorable to legitimate industrial enterprises. San Francisco, which controlled the capital of the coast, was so absorbed in mining speculation that it had no thought for the development of the agricultural resources of the State.

The Sacramento Valley, with its happy combination of soil and climate, attracted to itself a more industrial and contemplative population, and here, under these more genial influences, budded the germ of California's railway system.

From the time of the acquisition of California, the vision of a trans-continental railroad flitted before the minds of Eastern enthusiasts, but was generally regarded as an impracticable dream. Benton, with the prophetic voice of statesmanship, pointing to the West exclaimed, "There is the East, there is India;" and in February, 1849, immediately after the gold discoveries, he introduced a bill into the Senate to provide for surveys. Congress finally appropriated $240,000 for preliminary surveys, and six parties were sent out in 1853, and three in 1854. Ponderous volumes of reports were filed away in the archives of the nation, but no one stood ready to crystallize the plans into an actuality. The civil war afterward occupied the energies of the nation, and the Pacific railroad was overlooked.

In the city of Sacramento there was a practical civil engineer named Theodore D. Judah, of clear ideas and definite purpose, whose ambition was to stretch the iron wand of commerce across the continent. There was also in that city a coterie of successful merchants, men of progressive ideas and comfortable fortunes, who fathered the enterprise. These merchants were Leland Stanford, elected Governor in 1861, E. B. and Charles Crocker, Mark Hopkins, and C. P. Huntington. They furnished the means, and Judah and his brave party toiled through the cañons and steep declivities of these lofty cordilleras, and wrought out the problem of a feasible route. To build the road without a subsidy was a financial impossibility, so, with plans and specifications, these men repaired to Washington, convinced Congress of the practicability of their ideas, and secured the coöperation of capital to build the eastern end, under the charter and subsidy which they procured. The Central Pacific Railroad Company of California was incorporated under the laws of the State, June 27th, 1861, with Leland Stanford as President. It secured by Congressional grant of July, 1862, modified by a further act in July, 1864, $48,000 per mile through the mountains, $32,000 east of them, and $16,000 to the west; and a land grant of 12,800 acres per mile. The bonds issued by the Government were originally a first lien, but as the road progressed necessity for further funds became apparent,

and the Government accepted a second mortgage in lieu of the first.

In 1863, within six months from the date of their charter, the projectors accepted its responsibilities and broke the first ground of the overland railroad, when the real difficulties of the task began. Capital must be enlisted, rolling stock and iron were to be brought from the east, timber from Puget Sound, and laborers from China. White labor was at first exclusively employed, but was so inefficient and unreliable, that in order to prosecute the work, Chinamen were engaged and the merits of their labor first discovered. An army of men had to be paid, supplies were to be bought and forwarded from Sacramento, and forty miles of road were to be built and accepted before the aid could be secured. The enterprise was derided in San Francisco as "The Dutch Flat Swindle." Sinister prophesies were uttered, and their effort to construct a railroad over rugged mountain chains and through perpetual snows, was pronounced impracticable. Resistance was made in San Francisco to the payment of a subsidy of $600,000, but for which opposition it is likely that the Central Pacific would have extended beyond Ogden. There was a vexatious delay of eleven months in procuring the Congressional subsidy, interest accumulated, and in 1865 the State of California, to tide them over, guaranteed the interest on $1,500,000 of their seven-per-cent. twenty-year bonds. During each of the years 1863-4-5 the company completed twenty miles of road; in 1866, thirty miles; in 1867, forty-six miles; in 1868, 364 miles; and up to May 10th, 1869, 191 miles. At this latter date they effected a junction with the Union Pacific, on Promontory mountain, 830 miles from San Francisco, which event was celebrated with appropriate ceremonies and National rejoicing. This road which cemented the ties of domestic intercourse and political amity, was also a great international highway, ranking with the Suez Canal as the two great public works of the century. Though unacquainted with railway construction, inspired by an intelligent purpose, and guided by a tenacious courage, its builders were victorious over the forces of nature and prejudices of men, and their successful achievement of this great enterprise challenges universal admiration for the audacity of their genius.

With the Central Pacific built, the future of California's railroads was assured, and since 1867, their progress has far outrun that of any other section. The percentage of increase between 1867-1876 was forty-four per cent. in New England, fifty-eight per cent. in the Middle States, 143 per cent. in the Western States, sixty-five per cent. in the Southern States, and 587 per cent. in the Pacific States. The growth of railroads in the Pacific States was six-fold as great as the average in the United States, which was ninety-seven per

cent., and the percentage of increase in population four-fold.

The ranks of the railroad builders suffered the loss of their great colleague and engineer, Mr. Judah, and of Judge E. B. Crocker, but made a valuable acquisition in the financial ability and capital of General D. D. Colton. To-day, Stanford, Colton, Crocker, Hopkins, and Huntington, control 2,075 miles of railway, and 659 miles of river steamers.

Next to the Central Pacific in importance is the Southern Pacific, which was incorporated November 29th, 1865, and received a charter and land grant of ten miles on each side the road by the act of July 27th, 1866. This road by the original charter was located *via* San José, Soledad and San Benito pass, thence across to Goshen and Mohave, proceeding in an easterly direction to the Needles on the Colorado river, intersecting the proposed line of the Atlantic and Pacific, which was chartered at that time. This road, through its consolidation, October 11th, 1870, with the San José, Santa Clara, and Pajero Valley and California Railroad, is now extended to Soledad. As San Benito pass presents many serious engineering difficulties, it is now proposed to follow the Soledad valley and continue through Polonio pass to the Needles. On March 3d, 1871, when the Texas Pacific Railroad Company was chartered, the Southern Pacific Railroad Company of California was authorized to build a branch line from Goshen to Yuma, *via* Los Angeles. This road was completed to "the City of the Angels" in September, 1876, and to Yuma, on the Colorado river, 720 miles from San Francisco, in the summer of 1877. The Central Pacific Railroad has a branch line of 170 miles, from Redding to Sacramento, and from Lathrop, eighty-three miles east of San Francisco, to Goshen, 146 miles south, where the Yuma division of the Southern Pacific begins. From Lathrop south the road runs through a rich agricultural district, embracing the far-famed San Joaquin Valley. At Caliente it begins the ascent of the Tehachipi mountains, through which it continues about forty-six miles, and in which it coils its sinuous line around a mountain, crossing its own track at an elevation of seventy-eight feet above a lower tunnel. This is the famous "loop," designed by Col. Grey, Chief Engineer, one of the most novel and original engineering feats in America. Soon after, the road emerges upon the Mojave plains, through which it continues to San Fernando tunnel, 444 miles from San Francisco, which was bored for a mile and a third through the mountain, at an expense of about $1,500,000, From San Fernando tunnel south for about 100 miles, through the counties of Los Angeles and San Bernardino. it traverses sunny and productive valleys, the home of the orange, grape and olive. At San Gorgonio pass it enters upon the Colorado desert, an arid wind-swept plain, desti-

tute of water and vegetation, save the *Yucca draconis*, cactus and mesquite. This is the great Colorado basin, which at India is 265 feet below the level of the sea, and which it has been proposed to flood or irrigate.

So modestly and quietly have these railroad builders proceeded, that but few persons in the east are aware that a continuous journey of nine hundred miles may be made through the length of the State of California.

The Southern Pacific Railroad has opened up the richest agricultural districts in the State. It is better equipped, commands more capital, and has displayed far more energy and determination than any other road which has competed for the trade of the Southern Territories. It furnishes rapid transportation to perishable semi-tropical fruits, and if the nation be true to its best interests this road will form a link in the line of a southern overland road. Already in California the value of its agricultural products is more than three-fold its annual bullion yield, and almost equal to the aggregate gold and silver yield of the United States, and much of this is directly attributable to the railways.

Arizona and New Mexico are almost a *terra incognita*, but of their marvelous mineral wealth there can be no question. The building of the Southern Pacific upon its contemplated line would guarantee the immediate investment of capital in the development of the famous Santa Rita mountains, near Tucson, and especially of the Aztec Mining District, whose products would go to swell the world's production of silver, and possibly equal, if not surpass, the rich lodes of the Comstock. All other districts would likewise be invested with enhanced value and promise. There are many public interests, economical, political and commercial, to be subserved by a railroad through these territories, but the prospective profits to its builders will not attract capital.

At an early day the general Government made considerable land grants to aid canals and wagon roads, but with the advent of the railroad the benefactions of the Nation were transferred to a more worthy recipient. Through the strenuous exertions of Stephen A. Douglas, a grant of two and a half million acres of land was made in 1850 to the Illinois Central Railroad, though nominally through the State of Illinois; and the rich alluvial prairies of the west, which hitherto, like South American pampas, were merely used for grazing purposes, were speedily subdued by the influx of population along this great thoroughfare. The problem in America was peculiar to the country. An unoccupied and undeveloped territory equal in area to all of Europe, save Russia, and superior to it in resources of soil and mine, lay on the western frontier, and years would elapse before population and capital would push out into these regions unless aided by the National arm. Population would follow navi-

gable rivers and settle along their banks, but the railroad affording superior advantages could be laid as an artery of commerce where it was wanted. Public appropriations to dredge rivers and widen and deepen their channels to the sea benefited the tributary country, so did appropriations to railroads. The railroad is private property and not a public highway, but only those who are fitted by taste or education embark their capital in water transportation, and to them and not to the general public go the direct profits of appropriations.

But the policy of subsidies and immunities to railroads, however popular for twenty years, has lost its *prestige* and now excites strong opposition in many quarters. The propriety of a subsidy is to be determined by the circumstances of each individual case, and assuredly the Government has not always exercised proper caution; but the reaction in public opinion is chiefly attributable to the vicious practice of counties, townships and municipalities in the Mississippi Valley and Middle States in lavish and injudicious aid to superfluous railroads or to roads which, if necessary, would have been built without a subsidy. During the flood-tide of a fictitious prosperity the mania to build roads was not realized, but the panic of 1873 and the pressure of maturing indebtedness, interest and principal, awakened communities to the logic of their acts. Every proposition for aid which is now submitted meets at the threshhold a rigid scrutiny.

The public, however, are rather inclined to make an honorable exception of the Southern Trans-Continental line, as the magnitude of the interests involved would seem to justify Governmental encouragement. However, in this matter Congress should exercise great caution, and award the contract in a business-like manner to the lowest bidder. A land subsidy will procure its construction, and under such circumstances all corporations demanding a guarantee of bonds or an undisguised money subsidy ought to be excluded from consideration. Dismissing the question of Congressional action on these premises upon which men's minds are at variance, all will agree that the construction of the road would stimulate commercial intercourse, rescue from Nature's dominion a country rich and marvelous in its possibilities, and protect life and property more effectually and economically than the military.

The House Committee in 1875 stated that, independent of the cost of the territories of New Mexico and Arizona, they had been maintained at an expense of $100,000,000. They further stated that the saving to the Government by the construction of the Pacific Railroad has been so great that, were the nation to pay the entire principal and interest of bonds loaned to aid in their construction the net result would still be largely in its favor.

Outside the roads under the Central Pacific management the most important roads on the coast of California are as follows:

North Pacific Coast, extending eighty miles to the lumber districts of Russian River. Milton S. Latham, ex-U. S. Senator, is President and chief owner. The San Francisco and North Pacific road, extending ninety miles to Cloverdale, of which Peter Donahue is President; and the Virginia and Truckee Railroad of Nevada, extending to the Comstock lode, fifty-two miles from Reno, on the Central Pacific, of which D. O. Mills, the prominent banker, is President. Oregon has 248 miles of road, Wyoming 118 miles exclusive of the overland, and Utah 191 miles.

The distinguishing feature of the roads operated by the Leland Stanford party is the thoroughness and permanence of the construction and skill of their management. Their roads are splendidly equipped and ballasted, they own their own sleeping cars, and under the able supervision of A. N. Towne, General Superintendent, delays seldom occur and accidents never. The corporation is strong and sometimes exacting, and to those unacquainted with the operating expenses its charges may seem high, but rates necessarily are above those in old and richer States. The fact is generally recognized that their policy is generous and public spirited as far as the circumstances will permit and that they appreciate the identity of interest between them and the public. They have done more to employ labor, foster legitimate industry and develop the resources of the coast than any other aggregation of capital within its borders. Years ago its managers looked out into the future, comprehended its possibilities, and whilst others dreamed or doubted they believed and labored, and to-day their faith has been rewarded by a splendid property of railroads, telegraphs, lands, ocean and river steamers, ferries and wharves. The history of their corporation is the history of California railroads and creditable alike to them and the State.

SAN FRANCISCO, Dec., 1877.

MONEY FOUND.—The question is often asked whether one finding money has the right to keep it. A recent decision of the Supreme Court of Rhode Island bears upon this question:

"A bought an old safe, and afterward offered it to B, who refused to purchase it. It was then left with B for sale, B having permission to use it. B found between the outer casing and the lining a roll of bank bills belonging to some person unknown, whereupon A first demanded the money and then demanded the safe and its contents as they were when B received them. The safe was returned, but the money retained by B. *Held*, that as against A, B was entitled to retain the money. The finder of lost property is entitled to it as against all the world except the real owner, and ordinarily the place where it is found is of no consequence."

THE SILVER DISCUSSION.

To the Editor of the Banker's Magazine:

That particular phase of the currency problem which is involved in the choice between a double standard of the two precious metals and a single standard of one of them, has not been popularly discussed by the present generation in the United States until within two years. Indeed, it was never much discussed in this country, except in and about 1830, when a marked divergence between the market and legal relations of the metals, which had continued for several years, attracted attention to the subject. When our first National coinage law was passed in 1792, the concurrence in favor of the double standard, of the two great intellects in General Washington's cabinet, which reached opposite conclusions on so many other subjects, took this particular question out of the field of controversy. When Mr. Hamilton and Mr. Jefferson agreed nobody else was likely to disagree. From 1821 to 1830, the premium on gold had ranged as high as from five to eight per cent., and had for that space of time completely expelled gold from the actual circulation. This induced the then Secretary of the Treasury, Mr. Ingham, to recommend, not very strenuously, but still distinctly, a single standard, and by a very decided preference, that of silver. This recommendation, however, found little favor. Albert Gallatin opposed it with his accustomed vigor, apparently unabated by his advanced age, and it was speedily crushed and put at rest by an adverse report made to the United States Senate by Mr. Sanford of New York. With the exception of a letter in favor of the gold standard, written by Abbott Lawrence, when he was Minister to England, and which would naturally be ascribed to the well-known disposition of Boston to adopt and copy everything British, nothing was heard here of a single standard until 1852, when the market and legal relations of the metals had again diverged—but this time by a premium on silver. And it was not then heard of in the sense that anybody proposed it, but because it was discussed in a report of the Finance Committee of the United States Senate, as a calamity "*disastrous to the human race*," and in respect to the best means to avoid it. The measure proposed by that committee, and which was passed through all the stages of legislation early in 1853, was to diminish the weight of the smaller silver coins and thereby keep them in circulation, notwithstanding a temporary premium on that metal. This expedient, not in contravention of the double standard, but

for the express and avowed purpose of preserving it, was subsequently, in 1865, adopted by the Latin Union.

These discussions of 1830 and 1852 in the United States had been forgotten, and there was very little on the subject in the modern English writers upon political economy, hardly anything in fact beyond a few characteristically shallow and dreary platitudes by John Stuart Mill. Indeed, there was nothing in the English language covering the modern facts of the situation, except Cobden's translation of Chevalier's *Fall of Gold.* That book, brilliant and interesting twenty years ago when it was written, had, by reason of the failure in the then anticipated production of gold, passed as completely into the limbo of things lost on earth, as the somewhat earlier and quite as brilliant *brochure* of De Quincy, demonstrating that gold was soon to become absolutely valueless, or as Dr. Lardner's demonstration of forty years ago, that the coals necessary to propel steamships across the Atlantic would exhaust all their carrying capacity, and disable them from carrying anything else.

But if the American people have entered so recently upon this discussion, and with so few aids in the way of already collected facts and reasonings, they have shown great aptitude in grappling with it, and in arriving at sound results. A summary of the leading points of this discussion may be useful.

REAL NATURE OF A DOUBLE STANDARD.

It is objected to the double standard, that it involves an attempt by governments to fix the market values of gold and silver, and that it is clearly impossible for governments to fix the market value of anything. In various forms of language, it is said that if law fixes the relation of the metals at fifteen to one, fifteen and one-half to one, or sixteen to one, the facts of the market will fix it at other figures from time to time, without regard to the will of legislators. Undoubtedly this is true, but the law of the double standard does not undertake to do any such absurd thing as fixing the values of gold and silver, either in relation to other things, or in relation to each other. The American law of the double standard, when it was abrogated in 1873-4, did not require the owner of sixteen pounds of silver to exchange them for one pound of gold or *vice versa*, nor did it require those who offered any species of property in the market, to accept indifferently silver or gold in that proportion. The owner of either metal was left free to put his own value on it, and the owner of any commodity who offered it for one pound of gold, might demand for it twenty pounds, or any other weight of silver. The American law neither declared that sixteen to one was the market relation of the metals, nor did it undertake to guarantee that

such a relation, if it happened at any time to exist, should continue permanent. It did nothing of that sort. It simply prescribed that in the payment of debts, sixteen pounds of coined silver should be the equivalent of one pound of coined gold, and that the choice of the medium of payment should belong to the paying party. Such a law may be wise or unwise, but it clearly involves nothing impossible to be regulated by law. From the settlement of America down to 1873–4, we never had any other law, and the execution of it never proved to be impracticable.

But while the law of the double standard undertakes to establish the equivalency of the metals only in the one single particular of their employment in the payment of debts, and attempts no such absurdity as declaring or prescribing their market equivalency, it has, nevertheless, been shown by a long experience, that there is a strong and constant tendency towards an approximation of the market and debt paying equivalencies. This has been most remarkably shown in the history of this country, under the extreme and violent alteration of the legal equivalency from fifteen to one, as fixed in 1792, to sixteen to one as fixed by the acts of 1834–7. Neither ratio conformed when made, or during its continuance, to the current market relation of the world, but notwithstanding this, the legal relation so influenced the market relation in this country, that gold and silver circulated concurrently the larger part of the time. Mr. John Sherman constantly affirms that gold was at once expelled from our active currency by being underrated in the coinage act of 1792, and did not circulate at all until 1834. He gives no authority for these statements, and they are complete errors. Mr. Ingham, in the report of 1830, before referred to, states that the premium on gold in our markets did not manifest itself until 1821, when the Bank of England made a demand for it wherewith to resume payments. Mr. Ingham must have personally known what the fact was when he said—

"Prior to the year 1821, gold and silver generally bore the same relation in the market of the United States, which they did in the mint regulation."

Appended to Mr. Ingham's report is a paper from Dr. Samuel Moore, the then Director of the Mint, who states that after a diligent search of tables of exchanges, he could find "*no trace*" of any premium on gold before 1821.

Mr. Ingham ascribes any diminished use of gold prior to 1821, not to a divergence between the market and legal relation of the metals, but to an increasing use of bank notes, which tended to expel coins of both kinds, and especially gold. The writer of this article is old enough to have learned personally from the men of that day, that gold was common in the circulation certainly of the Eastern States, in the early part of this century.

THE CONCURRENT CIRCULATION OF THE METALS NOT ESSENTIALLY IMPORTANT.

It is objected to the double standard, that if the market relation of the metals varies sensibly from their legal relation, they will not be maintained in actual concurrent circulation, and that the money in practical use will consist of only one metal. Obviously this is true, and it may also be admitted that the market and legal relations of the metals have often varied in times past in double-standard countries. But suppose it to be true, that under the double standard the two metals cannot be kept in actual concurrent circulation more than one-third, or even one-fourth of the time; how can that be complained of by the advocates of the single standard, which does not allow the two metals to circulate concurrently any part of the time? And why should it be complained of by any body? It is as undesirable as it is impossible to have two metals circulate concurrently, when one is sensibly dearer in the market than the other. The desirable thing, and the obviously sensible thing, to do in such a case, is to exchange the dearer for the cheaper, which will perform the same monetary functions, and realize the profit on the exchange. Such a change in the metal preponderating in the circulation of France, has occurred in recent times, and we have the authority of the present French Baron Rothschild for saying, that nobody in that country suffered inconvenience from it. Such a change occurred here after 1821, when all the gold left the country, of which case we have the following account in a letter of Samuel White, cashier of the Baltimore branch of the United States Bank, printed with the report (1830) of Mr. Ingham, already referred to:

"If any evil, or real inconvenience, has been experienced, I must confess my inability to perceive it. The matter appears to resolve itself into the simple calculation, whether or not we have sustained pecuniary loss by the conversion of the gold portion of our specie into silver coin, at the rate of five per cent. premium, which was obtained."

The proposition, which is true, that under the double standard, the cheaper metal drives out the dearer, is changed into a proposition which is not true, by the verbal thimble-rigging of saying that in that case, the bad money drives out the good. The invincible advantage of the double standard is, that it keeps the best metal in circulation, because the cheapest is the best in almost all cases. It is so, because, in almost all cases, the cheapest more nearly preserves the existing status of prices, and prevents an unjust enhancement of the burden of debts and a perversion of the equity of contracts. Albert Gallatin, in his answer made in 1829 to the complaint that the double standard compelled creditors to accept always the cheaper metal, considered that it was sufficient to say that a divergence of the market relation

between the metals was as likely to be caused by a rise in one of them, as by a fall in the other, and that as the choice of the medium of payment must necessarily be given to one or the other party to money contracts, it would be no more just, and less expedient, to give it to the creditor. Beyond question, that was a sufficient answer. It rests upon the impregnable principle of the Code Napoleon, that every evenly balanced case shall be resolved in favor of the debtor. But it is by no means so strong an answer as is warranted by the facts of experience since 1829. So far, divergencies in the relative market relation of the metals have arisen invariably from a rise in one of them. That is true of the divergence since 1872–3. Silver will purchase more labor, more real estate, and more of the general average of commodities, in every country on the face of the globe, than it would five years ago. To-day it is gold which is the bad money. It is bad in every sense and aspect in which money can possibly be bad. It depresses prices, cripples industry, aggravates the burden of debts, and unjustly enriches one set of men at the general expense of the community. The watchword of the advocates of the gold standard is "*better money*," by which they mean more valuable money. But it is plain that money can only rise in value, as other things fall in price, and that the money which is "*better*" for those who receive it as creditors, must be worse for those who have to pay it as debtors. Alexander Hamilton was not in search of "*better money*" in the gold-standard sense of that phrase, when he framed the coinage act of 1792. His object was, so far as he could fairly reach it, an abundant money, the language of his report on the mint being—

"To annul the use of either of the metals as money, is to abridge the quantity of circulating medium, and is liable to all the objections which arise from a comparison of the benefits of a full, with the evils of a scanty-circulation."

That the actual concurrent circulation of the two metals is an essentially important feature of the double standard, is a fancy peculiar to M. Cernuschi, and has never received the slightest countenance from the supporters of the double standard, either in France, or in the United States, in any period of their history. When the French circulation was substantially an exclusively silver one, as it was before the California discoveries, nobody in France proposed on that account, or on any other account, to abrogate the double standard. And, although since gold has become predominant in the French circulation, the abrogation of the double standard has been advocated, the reasons given have been of an altogether different character. The principal reason given, and doubtless the only real one, has been the apprehension that the increased production of the metals threatened a fall in the value of money, and a rise in wages

and property, unless one of the metals was demonetized. In this country, gold entirely disappeared between 1821 and 1834, and silver largely disappeared between 1850 and 1862, but during the first of those periods, the abandonment of the double standard was only feebly proposed, and during the second period, it was not proposed at all. When the single standard was adopted in 1873–74, both of the metals were out of circulation. These illustrations from our own history, and from that of France, prove decisively that it is a modern notion altogether, that the advantages of the double standard are lost by the temporary preponderance, or even by a long continued preponderance, of one of the metals in the active circulation.

It is sufficient that the double standard secures, either the actual concurrent circulation of the two metals, or the circulation of that one of the two which best preserves the stability of prices at the time. And, furthermore, even when only one metal is in actual circulation, the other metal is potentially money, is always within reach, and will always flow in when it is wanted. As either metal will discharge legal obligations, the debt-paying power of all commodities is thus *the highest price which they will command in either metal in any country, since commerce reaches everywhere.* There can be no such thing as a corner on one of the metals when both are legally available. And while the alternation from the use of the one to the use of the other can never involve any inconvenience, it cannot possibly take place except when it is induced and attended by a profit.

THE ALLEGED NECESSITY OF CONFORMING TO THE LONDON STANDARD.

One of the most singular episodes in the silver discussion in this country, is the novel theory, that because gold is the English standard and because London is the centre of financial and commercial exchanges, all other nations must adopt the same standard. But England has had the gold standard since 1821, or more than half a century before this theory was heard of in this country, and the pre-eminence of London in the particulars mentioned, was an existing fact during all that time. Indeed, this pre-eminence was rather greater fifty years ago than it is now. This theory has not been heard of in Europe to this day. In none of the discussions there, has it ever been alleged that similarity of standards facilitated international trade in general, or that dissimilarity in standards obstructed such trade in general, nor has it ever been alleged that the position of England was so commanding that a conformity to the English standard was necessary, or in any degree advantageous. No European nation has ever been influenced, apparently, by a desire for conformity in its standard to that of neighbors, near or remote. With

the exception of Portugal, which is commercially an English dependency, no European nation adopted the standard established in England in 1821, until Germany did it in 1871, and that Germany did not then do it from any desire to have a standard like that of England, is proved beyond all controversy, by the fact that in 1857 it demonetized gold. It is entirely well known that Europe, and especially Germany, has made progress towards financial and commercial independence of London during the fourteen years following 1857. Undoubtedly, the governing classes in Germany having decided that the general demonetization of one of the metals would promote their interests, demonetized in 1871 the same metal which England had already demonetized, as the only means of effecting the object of driving one of the metals out of the European circulation, and thus enhancing the value of all European credits. But this view does not at all involve the theory that a conformity to the London standard was advantageous in any way to the trade of Germany.

Not only was the gold standard not adopted in Europe because England had that standard, but the two countries on the continent of Europe most distinctively commercial, Holland and Belgium, abandoned the double standard (Holland in 1847 and Belgium in 1850) and adopted the single silver standard (maintained by Belgium until 1861 and by Holland until 1875), without apparently a suspicion that a conformity to the standard of London was in any way important.

The persons in Holland, Belgium and France, who now insist upon following the example of Germany in demonetizing silver, do not take the ground, either that an identity of money standards among European nations is in itself desirable, or that a conformity to that of England is desirable. Their ground is the altogether different one, that the demonetization of silver by Germany, added to the prior demonetization of it by England, will cause a depreciation of that metal, not preventable by other nations, and incompatible with its usefulness as money. Of this view it may be observed in passing, that it is proved by current events to be entirely erroneous, but whether it is sound or unsound, it has nothing in common either with the view that an identity of standards is internationally useful, or with the view that a conformity to the London standard is necessary, or even advantageous. That European opinion upon both these last questions is the other way is shown by European practice.

M. Mees, President of the Bank of the Netherlands, was one of the two delegates from Holland in the Paris Conference of 1867. In the *Procès-Verbaux* of the third sitting—

"M. Mees declared himself, for each State by itself, a supporter of a single standard, but he saw serious inconveniences in the adoption by all the countries of Europe of the same standard, because that would exclude one of the metals completely from the European circulation, whereas he considered it useful to preserve them both. He would agree neither to a standard of silver exclusively nor to a standard of gold exclusively (*ni l'étalon d'argent exclusif, ni l'étalon d'or exclusif*)."

It is apparent that the President of the Bank of the Netherlands, as late as 1867, did not suspect and had never heard that a diversity of money standards among the nations of Europe was objectionable. He knew from the experience of silver-using Holland, separated only by a narrow channel from gold-using England, that there was no disadvantage in it. What he saw inconvenience in, and serious inconvenience, was in expelling either metal from the European circulation where both were needed.

From this brief historical review of monetary opinions here and in Europe, it is apparent that both the suggestions that commercial nations should have an identity of standards, and that all of them must conform to that of London, from the financial preëminence of that city, are mere afterthoughts. It is certain that nobody made either suggestion for fifty years after London adopted gold. And it is not doubtful that neither suggestion would have been made for another fifty years, if certain interests had not determined to demonetize silver for the altogether different real objects of diminishing the mass of money, reducing the prices of property and labor, and aggrandizing the position of the creditor and income classes and nations.

The absurdity of both these suggestions is as plain as is the fact that they are both afterthoughts. Money, in its proper sense of legal tender, is something essentially and necessarily local. Legal-tender laws have no more operation extra-territorially than other laws, and it is only by formal treaties that money could be made international. As between nations coins pass only as commodities and at the market value of the bullion in them. The legal-tender laws of the country receiving them may affect this market value somewhat, but after all it is the market value, as settled by all the influences which control it, which governs the rate at which they are accepted. One hundred pounds avoirdupois of silver from the United States, where it is not a legal tender, will command the same price in London as one hundred pounds avoirdupois of silver from Mexico where it is a legal tender. Nor has the market value of silver in London, since that metal was demonetized by English law, ever varied appreciably from its market value in those parts of Europe in which it could be coined into money, nor can it ever so vary hereafter so long as commerce is free. Mr. A. A. Low called the attention of the United States Monetary Commission to the fact that our silver sent to China would command the

same price there whether we demonetized it at home or not, but his own attention seems never to have been called to another fact, equally obvious, that any gold we might possess, whether obtained by commerce or from our mines, would sell in London at a price entirely unaffected by the state of our own circulation, whether it consisted of gold, or silver, or paper. International trade is an exchange of market values, and this is as true of the precious metals as of anything else, and for the purpose of reckoning and of accounts, there is no greater difficulty in translating the money of one country into that of another than there is in translating the weights and measures of one country into those of another. Sensible people will take the world as they find it and make the best of it. A uniform money for all nations is as idle a dream as a uniform language and is of far less practical importance. As noticed in the report of the United States Monetary Commission, different moneys are used even in the same empire without inconvenience, as in the case of England which uses gold while India uses silver, and in the case of the Atlantic States of this Union which use greenbacks while the Pacific States use gold.

MAKING A HEAVIER DOLLAR.

The silver discussion has been fruitful in suggestions. One of them is to remonetize silver on the basis that gold, at its present artificially augmented value, is the true measure, and to add enough silver to the silver dollar to make it equal to the gold dollar, at the present relative market valuations of the two metals. This proposition is, in brief, to add, say, nine per cent. to the weight of the silver dollar. This extraordinary proposition has not yet been made in Congress, and it is doubtful if it ever will be. Members of Congress have a wholesome fear of a call for the yeas and nays, and will avoid, if they can, the responsibility of a recorded vote to add one hundred and fifty-three millions to the bonded debt of the nation, and in the same proportion to debts of all other descriptions. The gold minority of the Senate Finance Committee were ingenious enough and persistent enough in proposing every amendment to the House Silver Bill which had any appearance of plausibility, but they did not venture upon this one of making a heavier dollar, in plain violation of the sanctity of contracts. Everybody knows that silver is now quite as valuable in relation to anything but gold, as it was when it was demonetized in 1873–4, and that to remonetize it with an added weight sufficient to carry it up to the present rating of gold, would be simply to confirm and perpetuate the injustice of the demonetizing policy. And nobody really doubts that silver, remonetized at its old weight, would in no long time recover its old relation to the other metal.

What makes this suggestion especially objectionable in this country, is the known and admitted fact that from 1834 down to 1873-4, there was too much silver in our silver coins, as compared with the amount of gold in our gold coins. The silver dollar was worth 103 cents in gold in 1873. The legal relation in the European countries having the double standard, has been during this century fifteen and a half to one, and it was this European relation which governed the general markets. When we made the relation about sixteen to one, as was done by the coinage act of 1834, slightly modified by the act of 1837, we created this difference of three per cent. between our silver coins and our gold coins. That our silver dollar in 1873 was worth 103 cents in our gold dollar, was an expression in that form of the fact that the world's market relation of gold and silver was fifteen and a half to one, whereas our legal relation was sixteen to one. To add now to the weight of the silver dollar, instead of rectifying a former mistake, would aggravate it and render it hopeless. To add to the weight of the silver dollar nine per cent., is to establish a legal relation of about seventeen and a half to one, which would make it certain for all time that no silver could ever circulate in the United States. The thing really to be feared is, that silver, if remonetized at the former relation of sixteen to one, will before long reach such a premium above gold, as to again impede its circulation. It is absurd to pretend that the market relation of the metals, when one of them is relatively depressed by being deprived of the money function, and when the other is both relatively and positively aggrandized by being exclusively invested with the money function, is any criterion of what their relative market value would be if both were equally money. But it is precisely that absurdity which is involved in the proposition to add nine per cent. to the weight of the remonetized silver dollar, because demonetized silver is nine per cent. less valuable than gold.

GEORGE M. WESTON.

VENEZUELA'S BANKING SYSTEM.—The Venezuelan Consul in this city has received from his Government a circular informing him of a decree by the President establishing a national territorial bank for the purpose of aiding agriculture and industry. The Venezuelan Minister of Foreign Affairs, Marco Antonio Saluzza, in his circular, regrets the decline of the economical and agricultural interests of the Republic, which he attributes principally to the frequent disturbances of the public peace. The law of August 10, 1834, relative to the seizure of creditors' property, is also spoken of as predjudicial to individual property owners. To remedy these evils and to develop agriculture, cattle raising and mining interests, the government has decided to set apart a portion of the national revenues for the establishment of a bank of credit. This, says the circular, is to be done without any prejudice to foreign creditors, who will continue to be paid for the obligations that they hold against the Government. The Consul is also requested to furnish to his Government information with regard to the banking systems in the United States.

THE SILVER QUESTION.

To the Editor of the London Economist:

SIR,—This vexed question still continues vexed, and has been vexed so long that I am induced, bearing in mind the gravity of its influence on commerce, to address you a few lines, hoping that should I fail to gain your concurrence in, or make you a convert to, the principle of bi-metallism, I may at any rate invoke your attentive consideration to my arguments favoring the bi-metallic system.

The views of some have gone so far as to argue in favor of the demonetization of silver in Europe, and it is in reference mainly to this latter position that I would respectfully ask the consideration of the matter.

On the abstract question of a standard of value, I presume that by universal concurrence based on financial experience, a single gold standard would be chosen, were we commencing the world, *de novo*, but considering that from earliest history, both gold and silver have been considered *money*, it would be difficult—I argue, impossible, in this year of 1877 to dispense with one of the metals on which values have been based for so many centuries, that one metal being by general consent equal in valuing power to what we may call her superior sister, gold.

But to return to the point to which I would ask the favor of your consideration—the demonetization of silver in Europe; let me ask, *cui bono*—unconsciously the whole of Europe has been on the bi-metallic system for the greater, if not the entire part of this century through the instrumentality of France—which system still exists, though in a state of suspension, one of the results of the Franco-German war. This bi-metallic system of France was able to withstand the shock of the gold discoveries, when, if M. Chevalier had been listened to, the double system of France would have been changed to a single *silver* standard; and I am one of those who think, that, if the bi-metallic system of France could stand the effect of the enormous gold discoveries of the last twenty-seven years, with no other result than unabated prosperity to herself, the same system can equally stand the more moderate discoveries of silver in America, and the increased supply from Germany; for it cannot be denied that France, who has always stood ready to buy the one metal and sell the other, of or to, those less fortunate than herself, possessing only a single standard of value, has traded in this respect very largely to the advantage and the profit of her people.

I do not myself doubt but that France could, unaided,

restore silver to its normal condition of five shillings standard, or thereabouts, by again consenting to receive it and coin it into money; but I can understand that she should hesitate to do so, in face of the generally received opinion, that silver no longer has, and never will have, any fixed value, a truism, on the principle that it is only necessary to give a dog a bad name and you must hang him.

Silver, doubtless, as many must know to their cost, has had no fixed value since France suspended its coinage into five-franc pieces about two years back; but I believe it to be quite within the bounds of the ability of France, by a purchase from Germany of her unsold stock of silver, to restore it to its old position as money; but, naturally, France hesitates, and, as a consequence, silver still drifts about the world without a helm.

While maintaining, as I do, that a universal bi-metallic system is not only possible, but would be best, I do not fail to recognize the insuperable difficulties of attempting any change in the English system of a single gold standard; but I nevertheless think that the trading community of England are sufferers by the non-adoption of the double system, for I view with some interest and concern the possible closer connection that can hardly fail to arise between the United States and France, should the latter resume her bi-metallic system when she resumes specie payments—with or without the adoption of the same system in the United States—as then the silver product of the United States will tend to flow to France, where it would be received at a fixed value in exchange for the manufactures and produce of France, increasing her power to compete with England—a power sufficiently important at present to need no additional stimulus.

The general argument has been that the East will absorb all the surplus silver of Europe. No doubt it will; indeed it has already done so to a great extent, on account of its cheapness; but whether to the satisfaction of merchants trading to the East I leave them to answer. From what I hear on all sides, I fear that two years of experience has not enamored merchants with either cheap or fluctuating silver. Excessive and cheap silver has led to excessive and cheap imports of produce, causing more sorrow than profit to importers; while fluctuating silver has been an equal difficulty to exporters of goods manufactured in Europe.

But even allowing that *in time* these silver difficulties will "adjust themselves" by an Eastern absorption—How will the case stand when the balance of trade turns against the East, in favor of Europe, as it has been before, and as it may and probably will do again, in the perhaps distant future? In that event, Europe will have to be paid in a metal she has discarded, and which would therefore be absolutely useless,

unless by that time we could persuade our American cousins to pull the chestnuts out of the fire for us by adopting silver as money as well as gold—as is at present under discussion—to the indignation of those who hold that her debt is payable in gold.

The long and short of the whole matter is that owing to the demonetization of silver by Germany, while France was in a state of suspension of specie payments, we have awoke to the fact that France, and France alone, has been the adjuster of the relative values of gold and silver in the past, and we have also awoke to the fact that as France has suspended the coinage of silver, in unlimited quantities, silver has therefore lost its *legal* value, with no other machinery at hand to counterpoise the difficulty. This has led to a general shunting of the metal all round—A, the holder, advising B or C to take it—the gist of the matter being that the trading world finds itself in a dilemma, out of which there is no way but by the restoration of the metal to the position it formerly held, either by a return to bi-metallism, universal or in part, and the question is—How is this to be accomplished?

Demonetization of silver in Europe can have but one result, the continued and steady appreciation of gold, of which there has been evidence enough during the process of absorption of gold by Germany, in exchange for her silver, a financial operation that has not been equalled in importance and gravity during the present generation. And if, as I think can hardly be denied, this single operation has caused such serious consequences, what must follow when absorption commences by the United States, as is inevitable if they really intend to resume in gold in January, 1879, as the holders of United States bonds argue they are morally bound to do, and not in gold and silver.

I would, therefore, argue that in urging the demonetization of silver generally, or in Europe only, we are contending for a principle that can only be followed by increasing mercantile and financial diffiulties, and continued and increasing depreciation in general values in all *gold* standard countries. The effect being, so far as the East and the West is concerned, to divide them into hostile financial camps, each, though anxious to deal with the other, unable to do so to advantage, for the reason that the money of the West is not the money of the East, and *vice versa*.

Therefore, I would appeal to you to remain, at any rate, neutral on this question, and if you cannot be made a convert to bi-metallism, let me entreat you to avoid the grave responsibility of urging "civilized nations" to adopt a policy which, there is some reason to believe, has, so far, been one of the causes of that commercial depression that, as yet, shows little, if any, signs of abatement.

The several causes before enumerated, and now pretty gen-

erally understood as affecting the silver question have brought that question more before the commercial world within the last two years than ever before, and the law, that of France, which hitherto gave silver its fixed value, having been suspended, we all set to work to demonstrate and prove that, consequently, silver has lost its value, whereas it has only lost the legal value which the law gave it, and which the same law can, at any moment, restore.—I am, sir, your most obedient servant, L.

LONDON, October, 1877.

P. S.—I cannot, myself, understand the feeling of alarm with which increased production of silver is viewed by many. Treated as money, as it was up to two years back, by the law of France, increased silver must mean increased wealth. We are not alarmed now at the increased production of gold, though we were when the discoveries first took place, indeed, we are beginning to be uneasy at the reduced production; and, therefore, fresh discoveries of silver should rather be viewed as a counterpoise to the falling off of gold, provided we make it money by law, as such it was by law up to 1875 and 1876. L.

PRODUCTION AND DISPOSITION OF SILVER AND GOLD FOR THE YEAR 1877.

We give annexed the statement of Mr. John J. Valentine, General Superintendent of Wells, Fargo & Company's Express, of the production of silver and gold for 1877:

Statement of the amount of Precious Metals produced in the States and Territories West of the Missouri River, including British Columbia, and Receipts in San Francisco from the West Coast of Mexico, during the Year 1877.

States and Territories.	*Gold Dust and Bullion. By Express.*	*By other Conveyances.*	*Silver and Doré Bullion by Express.*	*Ores and Base Bullion by Freight.*	*Total.*
California	$14,512,123	$725,606	$1,202,751	$1,734,236	$18,174,716
Nevada	462,666	——	44,320,044	6,797,580	51,580,290
Oregon	993,331	198,666	——	——	1,191,997
Washington	83,842	8,384	——	——	92,226
Idaho	1,140,610	171,091	202,295	318,499	1,832,495
Montana	1,844,214	184,421	436,277	180,000	2,644,912
Utah	91,109	9,110	1,439,961	6,573,575	8,113,755
Colorado	3,151,277	——	3,197,861	1,564,411	7,913,549
New Mexico	81,680	——	273,840	23,490	379,010
Arizona	122,867	——	506,549	1,759,206	2,388,622
Dakota	950,000	550,000	——	——	1,500,000
Mexico	72,144	——	1,020,636	340,212	1,432,992
British Columbia	1,165,527	11,653	——	——	1,177,190
	$24,671,400	$1,853,931	$52,600,214	$19,291,209	$98,421,754

It is instructive to compare the stock of silver and gold

coin and bullion in sight at the present time, with the production since 1849, and in this way to realize the prodigious disappearance of both metals from active commercial use.

The total production of silver and gold from 1849 to 1876, both inclusive, is as follows:

Gold	$ 3,210,000,000
Silver	1,370,000,000
	$ 4,580,000,000

The National banks in Europe hold the principal supply of coin available for commercial use, and January 1, 1878, the amounts were as follows:

Bank of England	$ 175,000,000
" France	430,000,000
" Germany	120,000,000
" Austria	70,000,000
" Belgium	20,000,000
	$ 815,000,000

In January, 1877, the same banks held $ 785,000,000; so, from this year's production of $ 155,000,000, these banks have gained $ 30,000,000.

We see from the above, that of the production of 4,500 millions of dollars of gold and silver, since 1849, the National banks of the four great specie-paying countries of Europe (Austria included, although under suspension), have been able to keep, making no allowance for the stock on hand in 1849, about eight hundred millions of dollars. The rest, five dollars of every six produced, is out of sight. Where does it go? India has taken five hundred millions of dollars of gold in forty years; Great Britain absorbs twenty-five millions of dollars of gold yearly. The production for 1877 is:

Gold	$ 90,000,000
Silver	65,000,000
	$ 155,000,000

The use in the arts and the wear of silver coin is estimated as a minimum of $ 40,000,000; if we add to this the exports to India for 1877, $ 105,000,000, we have a decrease in the stock of silver coin and bullion in the civilized world during the year 1877, of $ 80,000,000. The real decrease is, however, probably larger, and may be fairly estimated at one hundred millions of dollars.

REVIEW OF THE STOCK AND GOLD MARKETS FOR 1877.

In the stock and gold markets the year 1877 was marked by essentially the same general features and tendencies as the previous year, only the leading stocks fluctuated more widely and on a lower scale of prices, while, perhaps owing to this fact, the transactions were larger. The distrust produced by the numerous defalcations, the aggregate of which in the last four years in the United States has been estimated at $ 30,000,000, tended to discourage investments in corporate securities. The bankruptcies among railroad companies though large show some reduction in volume. The statistics of the roads sold under foreclosure compare as follows with 1876:

	No. of Roads.	*Miles.*	*Capital Invested.*
1877	54	3,875	$ 198,984,400
1876	30	3,846	217,848,000
	84	7,721	$ 416,832,400

Of the forty-six roads against which proceedings were commenced in 1876 sixteen, representing 1,985 miles and $ 140,106,000 of invested capital, are included among those sold under foreclosure in 1877, or ordered to be sold. Besides the roads thus sold under foreclosure there are the following:

	No. of Roads.	*Miles.*	*Capital Invested.*
Proceeded against in 1876 but not yet ordered to be sold	30	5,591	$ 397,894,000
Proceeded against in 1877	44	5,409	320,681,930
Sales ordered in 1877 not included above	16	2,388	255,755,400
Total	90	13,388	$ 974,331,330
Foreclosures for 1876 and 1877	84	7,721	416,832,400
Total foreclosed or in difficulties in 2 years.	174	21,109	$ 1,391,163,730
Bonds of roads foreclosed or reorganized before January 1, 1876			159,373,300
			$ 1,550,537,030

From these statistics, imperfect as they are, for the years previous to 1876, it appears that upwards of one-third of the railroad property of the United States has been affected, and of the property thus affected probably one-half may be considered as wiped out, making over three-quarters of a billion dollars sunk in this way not to mention the vast shrinkage in other railroad property not included in this exhibit. Of this some estimate may be formed from the facts stated in Poor's *Manual* for 1877–8, that of $ 2,248,358,375 of railroad stocks $ 1,311,333,503 paid no dividends in 1876, and that of $ 2,165,141,368 of bonds $ 642,604,841 paid no interest, while the total of interest and dividends paid amounted to only 3.66 per cent. of the capital invested. It is not surprising that losses of capital on so large a scale have caused a heavy fall in stock exchange quotations.

Political complications darkened the opening of the year, but its close was cheered by brighter omens. Under the able management of Secretary Sherman, the only finance minister for many years who has ventured to grapple with the problem of resumption, substantial progress has been made towards the gold basis. Gold fluctuated less than in any previous year since the suspension of specie payments except 1874, and touched the lowest point reached since May 7, 1862. The extremes were 107⅞ and 102½, a difference of five and three-eighths cents in paper on each gold dollar, against eight and one-sixteenth cents in 1876, five and seven-eighths cents in 1875, and five and three-eighths cents in 1874. The lowest quotation of gold for October 6, 1877, showed a fall of fifteen and one-eighth cents as compared with the highest price of October 5, 1875. Events have been silently sweeping us onward toward

resumption, and to turn back now when we are so near would be scarcely less than a crime. With the enormous metallic stores of the Bank of France set free by the resumption of cash payments there, the task ought to be easier for us.

Sound investment securities were in even better favor than in 1876. The placing of the new United States four-per-cent. loan on the market, and the large subscriptions to it, afford gratifying evidence as to the high standing of our National credit. Unfortunately the disturbed state of the European money markets on account of the Eastern war, and the dangerous form assumed by the silver agitation, have interfered seriously with the success of the new loan, besides causing the return of some of our bonds from Europe. The amount so returned was, however, less than in 1876 when it was estimated at $100,000,000 or over, against only about $70,000,000 in 1877.

We present our usual summary, by months, of the principal movements during the year:

January.—Stocks were depressed during the first part of the month by the political complications, and the settlement of them did not suffice to cause a recovery of the speculative stocks which, for the most part, were lower at the close of the month than at its beginning. Coal stocks especially were depressed by the decline of coal which at the auction sales in the last week of the month brought lower prices than were realized in the previous summer after the breaking up of the combination. Although the decline in gold which had been in progress in 1876 continued, there was an investment demand for United States bonds which sustained their price and even caused some advance until near the close of the month. Other investment securities also showed an upward tendency.

February.—The renewal of the political complications had a depressing influence upon the market and nearly all classes of stocks, including investment securities, experienced a heavy decline, but rallied somewhat at the close on the improvement in the political prospects. The bankruptcy of the New Jersey Central Railroad and Lehigh and Wilkesbarre Coal Companies, and the annual statements of the Delawares showing a remote prospect of dividends, caused a heavy break in the coal shares and tended to weaken other stocks. Western Union fell and Atlantic and Pacific Telegraph advanced, because the representative managers of the Erie, Pennsylvania and Baltimore and Ohio Railroads were each elected directors of the latter, and because the former was excluded from the Baltimore and Ohio. Gold advanced early in the month owing to the depression of consols caused by war prospects in the East, but was depressed at the close by President Grant's specie-payment message. The later issues of United States bonds declined in sympathy with gold and the earlier issues on account of the syndicate operations.

March.—The vigorous prosecution of the telegraph war, a new rupture among the trunk line railroads, the lower prices of anthracite coal and the failure of the attempts to form another coal combination, all conspired to make this a month of great depression in speculative and to some extent in investment securities. Gold was steady at 104¼ to 105⅜. The sales of the United States 4½-per-cent. bonds were large, and nearly all descriptions of Government bonds advanced.

April.—A new agreement among the trunk railroad lines and the formation o a new coal combination strengthened prices at first, but this was succeeded by a depression in stocks generally, most of them reaching the lowest prices of the year. Panama and Pacific Mail broke heavily on the 3d on rumors of the failure of a large speculator identified with these two companies. The failure of H. Kennedy & Co. on the 11th, threatened to produce a panic in Northwest common and preferred and Rock Island. Towards the close of the month there was a recovery caused by the support given to the market by speculators, and by a demand for stocks to cover short sales which was increased by the failure of Eugene N. Robinson & Co., bear operators, on the 27th. The declaration of war by Russia against Turkey on the 24th, further accelerated the decline in consols and United States bonds in London and the advance in gold and foreign exchange here which the apprehension of war

had already begun to produce. The funding operations being thus checked, nearly all descriptions of Government bonds advanced in our own markets.

May.—The speculative stocks in general showed more firmness than in the previous month, but the uncertainty of success in maintaining the coal combination, together with the low prices realized at the auction sales of coal, caused a further heavy fall in the coal stocks. The Treasury Department inaugurated a new departure, too long delayed, in selling bonds for gold for resumption purposes. Gold was firm, with considerable shipments in payment for called bonds brought from abroad where the new bonds were not taken to the same extent. Government bonds were strong in sympathy with gold, and in common with other investment securities they felt the influence of a healthy demand.

June.—The influences which depressed the coal stocks in May continued to be felt, carrying these stocks to the lowest figures of the year. The trunk lines commenced cutting passenger rates on the 2d, but an agreement to pool freight rates was signed on the 9th. Railroad stocks in general were depressed by reports of decreased earnings and reduced traffic. There was a considerable export of gold, but the tendency was downward. The important event of the month was the withdrawal from the market of the 4½-per-cent. Government bonds remaining unsold, and the opening of subscriptions for the four per cents. The result was to strengthen all the previous issues, except the 5-20s which declined in sympathy with gold on the prospect of being called for payment as fast as the four per cents. were sold.

July.—During the early part of the month a heavy bull movement was inaugurated in which large capital was embarked. The great strikes which affected so many railroads began on the 16th, but did not reach their climax until about a week later. The combination having commenced, the bull campaign had no alternative but to persevere to save themselves. The result was that, although stocks fell sharply at first in consequence of the strikes, the fall was broken by the bull movement which, before the close of the month, had carried stocks to higher figures than before the strikes. Gold was steady, and in the early part of the month Government bonds were strong except the 1865s, largely owing to the favorable prospects of the four-per-cent. loan. Subsequently the silver agitation and the European war checked subscriptions to the new loan and caused a reaction.

August.—The bull movement continued and, favored by the prospect of large crops, a good foreign demand, increased railroad earnings, and the cessation of the rivalry between the Western Union and Atlantic and Pacific Telegraph Companies, made triumphant progress throughout the month. Nearly all the speculative stocks felt the impulse. The decline of foreign exchange having turned the specie movement towards this country, gold began again to fall touching 103⅞ the lowest point reached for fifteen years. Government bonds declined in sympathy with gold.

September.—The bull movement continued measurably successful in September, and the general tendency of the speculative stocks was still upward. Gold showed a further decline to 102⅞, and Government bonds were consequently weak in the absence of a large demand, the distrust excited by numerous failures of savings banks and insurance companies having compelled these institutions to strengthen their cash reserves instead of buying bonds.

October.—The bull movement reached its climax during this month. Most of the trunk lines touched the highest figures of the year, the movement being assisted by favorable crop reports and large receipts and shipments of grain at the West. One result of the movement to advance stocks, not foreseen by the speculators, was that the high prices brought outsiders to the market to sell and not to buy, to increase instead of diminishing the load which the combination was carrying. Towards the close of the month the combination began to break and a downward tendency began to manifest itself. Gold was steady and lower, falling to 102¼, the lowest quotation of the year. On the 6th Government bonds declined in sympathy with gold, and most of the issues touched the lowest prices of the year.

November.—Some of the bull operators having begun to unload, the speculative stocks in general experienced a decline. The passage of the Bland Silver

Bill by the House of Representatives by a vote of 163 to 34 on the 5th, caused an immediate advance in gold here and a decline in Government bonds in London. The fear of legislation hostile to the public creditors, though greatly mitigated by the moral certainty of a presidential veto, was sufficient, taken in connection with the Eastern war, to cause the return of United States bonds from Europe in considerable quantities, prices being better sustained here.

December.—The speculative stocks were depressed early in the month by sales of large operators who had bought enormous amounts of these stocks in previous months. Stocks continued to be more or less affected by the movements of the combination, St. Paul preferred being carried to 73¼, the highest price of the year. Gold was affected by the varying probabilities of silver legislation and the changing phases of the Eastern question, the range being 102½ to 103⅜, the same as in the two previous months. Government bonds were in general affected by the same causes that influenced gold, especially by the disturbance of the London market due to the possibility that England might be involved in the Eastern war. The 4½-per-cents., fives, registered sixes of 1881 and currency sixes touched the lowest prices of the year.

The sales of leading stocks at the New York Stock Exchange in 1877 compare as follows with the two previous years:

	1877, (305 *days*.)	1876, (304 *days*).	1875, (305 *days*).
Total number of shares sold.	49,832,960	39,926,036	53,813,979
Average for each business day.	163,387	131,335	176,439
Largest transactions.........	2d & 3d Quarters.	1st & 4th Quarters.	1st & 2d Quarters.

The transactions were considerable in North-West common and preferred, Rock Island, Delaware and Hudson, New Jersey Central, Morris and Essex, Erie, St. Paul, Ohio and Pacific Mail, and large in the following stocks of which the number of shares sold compares as follows:

	D.,L.&W.	*Mich. Cent.*	*N. Y. Cent.*	*Lake Shore.*	*St. Paul Pref.*	*W. U. Tel.*
1877	9,918,398	2,471,676	2,300,890	10,693,089	2,160,209	8,687,782
1876	3,505,922	2,277,978	393,507	11,677,131	1,712,647	6,209,674
1875	157,199	218,909	254,750	11,041,709	359,052	10,338,824

We subjoin the opening, lowest, highest and closing quotations of United States bonds and of some of the principal stocks compared with 1876.

	1877.				Range in 1876.	
	Opening.	*Lowest.*	*Highest.*	*Closing.*	*Low.*	*High.*
Gold	107⅛	102½ Oct. 6*	107⅞ April 24	102⅞	106 15/16	115
U. S. 6's 1881 coup	114⅛	109½ Oct. 6	115⅞ May 26	109⅞	115½	124⅛
" " 5-20's 1865 new coup..	110⅜	104⅞ Oct. 6	111¼ May 17	105¾	111⅝	121
" " 5-20's 1867 " " ..	113⅜	106⅞ Oct. 8	114½ May 26	108½	114½	123¼
" " 5-20's 1868 " " ..	115	109⅛ Oct. 10	117½ Jan. 22	110	116½	124¼
" " 10-40's coup..........	113⅝	107½ Oct. 3	114⅞ Feb. 6	107½	111½	121¾
" " 5's funded 1881 coup..	112	105¼ Dec. 27	112⅝ Jan. 22	105⅜	110⅞	119
" " 4½'s " 1891 reg...	108	103¼ Dec. 27	109⅛ July 17	103⅝	108	111½
" " 4's " 1907 "...	—	101 Oct. 5	106 July 24	101½	—	—
" " 6's currency reg......	121⅞	120 Dec. 26	126 July 18	120	120⅞	128
Western Union Tel	71	56 April 4	84⅝ Sept. 5	78⅜	63⅜	80½
Atlantic & Pacific Tel......	15⅝	15½ Feb. 3	25 March 14	20†	14½	22
Chicago & North West.....	36⅛	15 April 13	43⅞ Oct. 8	35¾	31⅞	45¼
" " " Pr..	56¾	37¾ April 23	69½ Oct. 8	62⅞	55⅝	67½
Chic., Mill. & St. Paul.....	20½	11 April 12	42⅛ Oct. 8	36⅞	18½	46⅜
" " " Pr...	52¾	40⅞ April 23	73¼ Dec. 29	72⅜	49⅞	84⅜
Chic., R. I. & Pacific......	99¾	82½ April 23	105½ Oct. 8	100½	98¼	111⅝
Del., Lack. & West........	73¼	30⅞ June 11	77 Jan. 13	51	64½	120⅜
Delaware & Hudson Canal.	71⅛	25½ June 13	74½ Jan. 4	52½	61¼	125
Morris & Essex	92	51¼ June 13	92½ Jan. 12	76	84	106
New Jersey Central	37¼	6 June 11	37¾ Jan. 3	12¾	20⅞	109⅞
Erie........................	9⅝	4⅝ April 2	15 Oct. 8	8¾	7¾	23⅜
N. Y. Cen. & Hud. River..	100¾	84¼ April 23	109¼ Oct. 8	106½	96	117½
Lake Shore................	55¼	45 April 23	73⅜ Oct. 8	63½	48¾	68⅝
Michigan Central..........	45½	35⅝ April 2	74¼ Oct. 15	62	34⅝	65½
Ohio & Mississippi.........	5⅞	2½ July 7	11⅜ Oct. 15	8½	5	24⅞
Illinois Central............	62½	40½ April 2	79 Oct. 15	74⅜	60⅞	103¾
Union Pacific.............	60¼	59¾ Jan. 15	73 March 2	65⅛	57¾	74½
Panama	128	80 April 3	130 March 1	125	122	140
Pacific Mail...............	24⅛	12⅞ April 3	26¼ Aug. 24	23	16¼	39⅞

*Gold also 2½ on Oct. 8 and 9; Nov. 15 and 16; and Dec. 5 and 6. † Bid, no sale.

DEMONETIZATION NOT SECRET.

LETTER FROM THURLOW WEED.—COMPTROLLER KNOX SHOWS THAT SILVER WAS NOT DEMONETIZED SECRETLY.

To the Editor of the Tribune:

SIR—I received a letter this morning from Mr. Knox, Comptroller of the Currency, with a copy of his report to Congress, dated December, 1876. Mr. Knox calls my attention to various passages in the report showing that the law of 1873, demonetizing silver, was not "stealthily," "surreptitiously" or fraudulently enacted.

I am satisfied, after reading the passages indicated by Mr. Knox, that these offensive terms are unsupported by the *Congressional Record*, and they are, therefore, cheerfully withdrawn. I was misled by relying upon the report of the committee appointed by Congress to examine the silver question. It is quite plain that members of Congress ought to have known what they were doing, though many of them admit they did not. It is equally certain that neither the President, the press, nor the people, understood the question until it was about to become a practical one. "The bill to regulate the Government Mints," etc., etc., was prepared under the direction of the Comptroller of the Currency. It contained many sections and numerous details, more or less important in the management of mints and assay offices. These details were gathered from the various mint and assay officers, in reply to a circular from the Comptroller of the Currency. The bill relating to coinages, transmitted to Congress by the Comptroller of the Currency, in 1870, prohibited the coinage of the silver dollar. Its demonetization was accomplished by the laws of 1873 and 1874.

The warfare against silver seems, therefore, to have originated with the Comptroller of the Currency. I hope soon to submit my views of the reasons assigned by Mr. Knox and his correspondents for depriving the country of full one-half of its constitutional ability to resume specie payments. My present purpose is simply to apologize for an error into which I had fallen.

NEW YORK, Dec. 17, 1877. T. W.

The letter from Mr. Knox, alluded to above, is as follows:

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
WASHINGTON, Dec. 15, 1877.

SIR—My attention has been called to your article in the New York *Tribune*, of the 13th instant.

In one place you say, "But in 1873, after a suspension of specie payments, and when the question of resumption was in the distant future, Congress *stealthily demonetized* one of the precious metals." In another place you say, "My answer to this question is that the moment it was discovered that silver had been fraudulently demonetized, etc;" also, "I waited anxiously for the President's Message, in the hope that it would advert to the fraudulent demonetization of silver."

Feeling certain that you desire to state only the exact truth in reference to the passage of the Coinage Act of 1873, which was prepared under my supervision, I transmit herewith a copy of my report for 1876, and refer you to the chapter on the Coinage Act of 1873, pages fifty-three to fifty-five, and also to pages 170 to 175, which contain a true history of the said Act. I desire particularly to call your attention to extracts from the speeches of Hon. W. D. Kelley, Clarkson N. Potter, Samuel Hooper, W. L. Stoughton, and T. W. McNeeley, on pages 172 and 173.

You will notice that the bill transmitted by this Department to Congress, in 1870, prohibited the coinage of a silver dollar, and during the discussion which followed upon the bill, extending over five different sessions of Congress, no one at any time proposed an amendment providing for a continuance of the issue of the dollar of 412½ grains. The dollar of 384 grains however, was proposed, and at one time adopted.

After having read the paragraphs referred to, I will thank you to write me and inform me if in your opinion there was practiced any artifice or concealment during the preparation or the discussion of the Act to which this communication refers. Very respectfully yours,

THURLOW WEED, ESQ., New York City.

JOHN JAY KNOX, *Comptroller.*

MEMORIAL TO CONGRESS.

MEMORIAL TO THE COMMITTEE OF WAYS AND MEANS AND ITS SUB-COMMITTEE ON THE REPEAL OF PART OF THE WAR TAXES ON THE BANKS AND BANKERS OF THE UNITED STATES.

At a meeting of the representatives of the banks in the Southern and Western States, held at St. Louis, January 8th, 1878, the following memorial was unanimously adopted, and referred to the Secretary of the American Bankers' Association for presentation to Hon. Fernando Wood, Chairman of the Committee of Ways and Means of the House of Representatives.

To the honorable members of the Committee of Ways and Means of the House of Representatives, and to the Sub-Committee on the Consolidation of the Internal Revenue Laws.

The memorial of the representatives of the banks of the Southern and Western States respectfully showeth :—

1st. That the American Bankers' Association, of whose Executive Council we are members, represents 6,139 banking institutions in the United States, of which about 2,000 are National banks, and the remainder are private bankers, State banks, Savings banks, Trust Companies and other institutions doing a banking business.

2nd. That in coming before your Honorable Body to ask a modification of the law, so far as it pertains to the taxation of banks and bankers, we are not unmindful that the necessities of the Government are at this time such as to require it to reach every proper source of revenue.

But let it be remembered also that banks are a necessity of every commercial nation, and that bank taxes have been found mischievous to business by enhancing the rates of interest, and by weakening the stability of our financial and industrial system in driving capital out of the banking business. In the report of the Comptroller of the Currency for 1877, pages 33–34, it is proved that the loading of taxation upon banking capital in the United States aggregates a percentage upon the capital employed greater than the *average rate of interest current in the leading countries* with which we are forced to compete in the struggle for commercial life and prosperity.

3rd. That as the necessities of the Government are so great, we only ask to be relieved from the tax on bank deposits. No other business but that of banking pays a tax on its indebtedness. We ask that the banks shall be relieved from this anomalous tax which, prior to the war, was never levied in this or any other country. We base our claim for a repeal of tax on deposits upon the following substantial grounds :—

First.—That it is contrary to the fundamental principles of taxation, in that it taxes *debts* instead of property. Deposits are in their nature a pure liability, and it is absurd to make any one pay a tax on his indebtedness. We respectfully submit that banking deposits are a debt from the bank to its depositors, and it is a universally recognized principle in all other taxation, that debts are not only themselves untaxable, but they are allowed to be deducted from taxable assets of like character. In accordance with this principle it is required

under State laws that the depositors in banks shall list their deposit balances and include them for assessment under the head of "money and credits *owned by them.*"

Second.—That the law imposing a tax on bank deposits is not only bad in principle but its practical operation leads to a perversion from its true intent, in that it taxes the same deposits several times over, and also taxes that part of the deposits which the banks are by law compelled to hold as a reserve. We desire to call the attention of the committee to the evidence on this subject given by the Comptroller of the Currency as to the National banks; those of the State and private banks are not accessible in an authentic form, though it is presumed that the results wonld be found similar if the statistics could be compiled.

The Comptroller's report shows that the National banks owe their depositors 616 millions. If we deduct the Clearing-House checks, as allowed by law, seventy-four millions, the net deposits taxable under the law will be 542 millions.

Here the tax, if a just one, should end. But the same report shows a liability due to banks and bankers of 161 millions, upon which the tax of *one-half* per cent. is again imposed. But this sum of 161 millions, however, being merely a re-deposit of banks and bankers with each other, is a portion of the 542 millions due to depositors.

In equity these 161 millions should be free, having once paid the tax. But practically they are not free, the tax being again exacted thereon.

Moreover the banks are reported by the Comptroller to hold in cash 141 millions, or more than one-third of the net deposits of 542 millions. The cash so held is the source of no profit, but, on the contrary, it is the object of constant risk and care. For these and many other reasons, we submit the proposition that deposits which are not the source of profit should not be taxed, even were the principle of taxing the deposits admitted to be correct. It is, however, impossible to continue this vicious and ruinous tax without working serious harm, both to the banks and to the trade and industry of the nation.

Third.—That the tax on bank deposits is a part of the war excise from which nearly every other interest has been relieved, and which now operates in its effects upon banks to enfeeble an interest of great importance to our industrial and commercial system.

Fourth.—That the people of the United States, we believe, are in favor of granting the relief we ask. This is evidenced by the petitions to this effect signed by more than 50,000 voters, which petitions were presented to the House of Representatives and referred to the Committee of Ways and Means last winter, and now rest among the archives of the Government.

In presenting this claim for relief, we beg to remind the Committee that the burden we seek to remove bears alike upon State banks, Savings banks and private bankers, as well as National banks.

And your memorialists will ever pray.

DECISION OF THE U. S. SUPREME COURT.

FRAUDULENT PREFERENCE.—No. 138. The Tenth National Bank of New York and Sheriff *vs.* Warren et al., assignees.—Appeal from the Circuit Court for the Southern District of New York.—This was the reversal of a judgment in favor of the assignees as against the bank in respect of the proceeds of a sale on a judgment in its favor, the Court holding that no fact is proved tending to show a concurrence or aid on the part of the debtors in procuring the judgment or securing the payment of the debt, and it is reaffirmed that the mere non-resistance of a debtor to judicial proceedings against him, when the debt is due and there is no valid defence to it, is not the suffering and giving a preference under the Bankrupt Act. Mr. Justice Hunt delivered the opinion.

INQUIRIES OF CORRESPONDENTS.

Addressed to the Editor of the Banker's Magazine.

I.—Demand of Note Payable at Bank.

If a promissory note is made payable at Bank A, and is held by Bank B, will a notice to the maker from Bank B relieve said bank from the necessity of making the demand of Bank A?

Reply.—Demand should be made at Bank A.

A failure to make such demand will discharge any indorsers upon the note.

It will not *discharge* the maker, but, if, when sued upon the note, he will pay the amount thereof, without interest, into court, and can show that he had funds at Bank A, at the maturity of the note, with which to pay it, he is entitled to judgment against the holder for his costs of suit.

II. National Banks and Loans on Personal Property.

May a National bank legally at the time of making a loan secure the same by taking a transfer to it of personal property or warehouse receipts, or stocks?

Reply.—Yes. The Bank Act expressly provide that National banks may loan money on "personal security," and it is every-day practice to do so.

We are not aware that this right has ever been seriously doubted.

III. Liability of Bank for Stolen Collaterals.

Is a bank liable for stolen collaterals, left by the maker of a note a few days before note became due, for the purpose of getting more time or delaying collection?

Reply.—It is liable, unless it can show that the collaterals were stolen without negligence on the part of its officers, in which case it is not liable.

IV. Drafts Payable with Exchange.

Can a draft payable "with exchange" be protested for non-acceptance, when the drawee offers payment of face of draft, but refuses to pay exchange?

Reply.—We presume our correspondent means to ask whether he may protest for non-acceptance, when the drawee refuses to *accept* for the full amount of the draft.

Although there are decisions to the contrary, by the law as held by the best courts, and by the very definition, such a draft as this is not a negotiable bill of exchange at all; because it is not an order for the payment of a "sum certain." The amount which the acceptor must pay, is uncertain, for it will vary with the rate of exchange, and this destroys the negotiability of the instrument.

If then, this is not a bill of exchange, it is not subject to the law governing commercial paper, and requires no protest; and the holder can compel the drawer to pay the full amount, *i. e.*, the face plus the "exchange," if the drawee refuses to do so.

Assuming, however, that it is drawn and payable in a State where it would be held to be a bill of exchange, it may be properly protested, in the case supposed.

The holder of a bill is entitled to have it accepted, according to its tenor and effect, and if the drawee offer a partial acceptance only, the holder is entitled to protest the bill, and look to the drawer and indorsers.

V. NATIONAL BANKS AND MORTGAGE SECURITY.

A National bank purchased a note in due course of business, against two makers A and B, the seller indorsing it. Several payments are made on this note after it became the property of the bank.

A, who is the principal on the note, gives another note for the balance due on the first note, payable on demand, with B and C as sureties, and the first note is given up.

Then A gives his individual note, secured by mortgage on real estate, to the bank, and the second note is surrendered to A.

Is this mortgage valid in the hands of the bank?

REPLY.—It is provided by the Bank Act that a National bank may lawfully hold such real estate "as shall be mortgaged to it in good faith by way of security for debts previously contracted."

The debt secured by this mortgage was a debt "previously contracted," and if the mortgage was made "in good faith" (of which, from the language of the inquiry, there appears to be no doubt) it is valid.

VI. BILLS OF LADING.

In the absence of instructions from correspondent should we withhold or surrender bills of lading attached to time drafts, upon acceptance of the drafts? Your answer, with any other information on the subject of bills of lading, will much oblige.

REPLY.—The law has been settled by the Supreme Court of the United States, in the case of the *National Bank of Commerce of Boston* vs. *The Merchants' National Bank of Memphis*, 91 U. S. (Otto) Reports, 92, that in the absence of instructions, an agent may properly surrender bills of lading, attached to time drafts, upon the acceptance of the drafts. Our correspondent will find a very interesting discussion upon bills of lading in the opinion in this case.

VII. SHOULD A BANK PAY ITS CUSTOMER'S NOTES?

A has a credit with us, B presents for collection or payment a note signed by A, and payable at our office. Is it our privilege or duty to pay said note and charge to A's account? If our duty, how, and to what extent, are we liable for non-payment?

REPLY.—A bank may legally pay such a note out of its customer's deposit, and will be protected in doing so. Whether it is its duty to pay, is perhaps not so well settled.

It is said that that duty exists by the English law, and by Mr. Morse, in his work on *Banking*, that such is the law in this country.

If there is such a duty, it is like the duty to honor a customer's checks, and for a breach thereof the bank would be liable for all the damages which the customer can show that he has suffered by reason of it, *e. g.*, the injury to his credit, etc. We are not, however, aware of any case in which a bank has been held liable in an action, for refusing to pay such a note without further instructions from its customer.

And we do not think there is any such general custom or understanding in relation to the matter in the United States, that it can be said that by the law merchant, there is an implied contract on the part of a bank, that it will pay all notes and acceptances, by their terms made payable at the bank, when it has sufficient funds of the maker or acceptor on deposit to do so.

In this city, while no positive rule prevails, the note of a customer, payable at a bank, is usually treated as a check, and charged to his account when due, if there be funds to cover it. In other places, some banks refuse to pay such a note unless specific or general instructions are given by the dealer.

BANKING AND FINANCIAL ITEMS.

THE NATIONAL BANK OF COMMERCE.—Mr. Robert Lenox Kennedy, for ten years the President of the National Bank of Commerce, has resigned the presidency, and Henry F. Vail has been elected to succeed him in that office. Mr. Vail has been connected with the bank for thirty-seven years, and during the past twenty-seven years has been its cashier.

THE CHEMICAL NATIONAL BANK.—Mr. George G. Williams, for more than twenty years Cashier of the Chemical National Bank, has been elected President in the place of the late John Q. Jones. Mr. Williams has been connected with the Chemical bank for thirty-five years in various capacities, and bears a high reputation for strict integrity and business sagacity. Mr. Wm. J. Quinlan, Jr., has been appointed cashier.

HEAVY FAILURES.—The most exciting failure which has of late occurred in Wall Street was that of John Bonner & Co., stock brokers. Transactions in re-pledging securities were discovered to a large amount. These operations are said to have involved a million of dollars. Bonner was president of the Bankers and Brokers' Association, whose stock he controlled, and the shares of which he used very freely as collateral to loans.

Edwin P. Dunning, Jr., note broker, failed early in January. His liabilities are from $600,000 to $800,000 of call loans from various banks, which are secured by mercantile paper of doubtful value. Several firms who had relied upon Dunning to sell their paper, have suspended payment in consequence of his failure.

THE BLAND SILVER BILL.—A meeting of bank officers called by the New York Clearing House on January 5th was held on the 9th, and was attended by representatives of the Boston and Baltimore banks, the Philadelphia Clearing House not, however, being represented. A report of the proceedings will be found on page 660.

The advocates of remonetization claim that the report conveys a misstatement when it asserts that the proposed law would "reduce values one-tenth." They maintain that any reduction would be no more than the difference between silver and gold which would exist *after* remonetization, taking it for granted that such difference would then be little or nothing. The upholders of a gold standard will be very reluctant to assent to this view.

NEW YORK.—Mr. James M. Drake, who had retired from the banking business after a successful experience of thirty years, has reëntered Wall street. Mr. Drake resumes the general banking business in connection with his son, H. Ingalls Drake, under the firm name of James M. Drake & Co.

THE UNION DIME SAVINGS BANK.—The following named officers of the Union Dime Savings Bank were elected January 16th, John W. Britton, president, Silas B. Dutcher, first Vice President, James Beveridge, second Vice President, Gardner S. Chapin Treasurer, and Colonel Charles E. Sprague (formerly first accountant), Secretary. Reductions of salaries have been made as follows: President, from $12,000 to $4,000; Treasurer, from $10,000 to $4,000; Secretary, from $6,000 to $2,500. The two Vice Presidents never received salaries. A reduction in clerk hire has also been made, amounting to $3,350 a year. The entire savings from reductions in salaries will amount to $20,850 a year.

LIQUIDATION.—The directors of the Bull's Head Bank, corner of Twenty-fifth street and Third avenue, at their regular weekly meeting, held on Friday, December 21, decided to wind up the affairs of the concern, pay the depositors the money due them, and divide the remainder among the stockholders. The cash on hand was sufficient to pay depositors in full, and, it is stated, that the stockholders will not lose more than twenty per centum of their investment. The only cause for closing the bank is said to be that it has been losing money in consequence of the unprofitable condition of business.

The Bull's Head Bank is a State Institution, and was formerly largely patronized by drovers and traders in cattle and horses. In March, 1873, a defalcation of nearly $500,000 occurred, which nearly ruined the bank. The directors at that time increased the capital stock to $500,000, re-organized the board and went on with the business. Afterward, finding that they were not likely to get back their old business, and that $500,000 was too large a capital for them to carry, they petitioned for permission to reduce the capital to $250,000, and were allowed to reduce it to $200,000, the original amount. The official statement of the bank on December 15th, showed: Capital stock, $200,000; net profits, $19,800; due depositors, $267,000.

DIVIDENDS.—The Comptroller of the Currency has declared a dividend in favor of the creditors of the Third National Bank of Chicago, of forty-five per cent., and of the Central National Bank of Chicago, twenty-five per cent., payable as soon as the schedules are received from the receivers and examined.

Dividends are also declared in favor of the creditors of the following banks:

	Per centage.	*Total per cent.*
First National Bank of Norfolk, Va.	10	45
First National Bank of Delphi, Ind.	25	50
First National Bank of Duluth, Minn.	20	65
First National Bank of Selma, Alabama	7	42

CALIFORNIA.—The San Francisco Clearing House has elected the following officers for 1878: *President*, A. McKinlay; *Secretary*, James S. Hutchinson; *Clearing-House Committee:* A. McKinlay, James S. Hutchinson, Thomas Brown, David Cahn.

San Francisco.—Messrs. Hickox & Spear, bankers, suspended on January 2d, their liabilities and assets being nearly equal, each about $350,000. These gentlemen enjoyed an excellent reputation as industrious and careful business men. But some years ago a confidential clerk robbed them of a considerable sum, and more recently a check, raised from $30 to $16,000, was passed upon them in an exchange transaction. These, with other losses, have helped to bring on the present misfortunes of the house.

The Bank of California has declared a quarterly dividend at the rate of seven per cent. per annum, the first since its resumption in 1875.

CONNECTICUT.—Hon. A. B. Mygatt, of New Milford, Conn., the bank examiner for Connecticut and Rhode Island, has just been chosen President of the First National Bank of New Milford.

ILLINOIS.—During the month of January, three suspensions of prominent banking firms have occurred in this State, each of which caused more than ordinary regret from the high reputation of the respective parties.

On January 2d the well-known banking house of Jacob Bunn, of Springfield, suspended payment, with liabilities of $800,000, and made an assignment to Hon. C. C. Brown, of Springfield. The assets are stated to be sufficient to pay everything if time is allowed and the property is not sacrificed. The immediate cause of the failure was owing to the large amount of unproductive real estate held by the bank.

The city creditors of Mr. Bunn, representing about $100,000, held a meeting on January 5th, passed a vote of unshaken confidence in him, and sent a committee to ask him if he would manage the assets for the creditors. He was touched by this generous tribute to his honesty, but refused to accept the trust, expressing confidence in the assignee, Mr. Brown, who has filed a bond of $1,600,000.

The banking firm of Peddecord & Burrows, of Decatur, closed on January 5th. The house was long established and held in high repute. The official statement to the creditors of the condition of the firm showed their liabilities to depositors to be $124,000; all others, $66,000; total, $190,000. Total assets, including realty, which is placed by the examining committee at what it would now bring, $384,000.

We are pleased to announce that on January 22d, Messrs. Peddecord & Burrows resumed business, having arranged satisfactorily all their liabilities. They have now associated with them William Boyd as a partner.

Messrs. Chesnut & Dubois, of Carlinville, suspended on January 16th, and made an assignment to John Rogers. It is believed that all claims will be paid in full. Both the gentlemen are of high character and spotless reputation. In addition to their own business at Carlinville, they were also officers of the Bank of Virden, at Virden, which positions they have now resigned. The Bank of Virden is not affected by their suspension.

MISSOURI.—The following aggregate statement of the condition of banks in St. Louis, on the first day of January, 1878, has been compiled from public and private statements, by Mr. E. Chase, Manager of the St. Louis Clearing House:

	Capital and Surplus.	*Savings and Time Deposits.*	*Current Deposits.*	*Loans, discounts, and bonds.*	*Cash and Exchange.*
	$	$	$	$	$
6 National Banks.......	3,667,600	879,503	5,937,813	7,189,670	2,989,455
19 State Banks..........	8,644,077	5,973,888	12,340,833	19,558,903	5,606,028
25 Clearing-House Banks.	12,311,677	6,853,391	18,278,646	26,748,573	8,595,483
7 Other Banks..........	746,533	1,118,302	860,585	2,241,749	446,491
32 Banks in St. Louis....	13,058,210	7,971,693	19,139,231	28,990,322	9,041,974
42 Banks 1st. July, 1877..	14,318,813	12,936,579	20,858,218	35,547,194	10,607,789
Decrease last six months..	1,260,603	4,964,886	1,718,987	6,556,872	1,565,815

St. Louis.—Notice was given on January 9th, that the Second National Bank of St. Louis, having gone into liquidation, has transferred its business to the Fourth National Bank of St. Louis, where depositors will be paid in full, checks being first presented at the Second National Bank for certification.

St. Joseph.—On the morning of January 21, the Buchanan Bank made an assignment to A. P. Goff. A placard was posted on the door, cautioning depositors against sacrificing their deposits, and assuring them that every dollar of the deposits will be paid within a short time.

NEW YORK.—The suspension of the Rockland National Bank, of Nyack, on December 28th, caused great excitement in that place. The directors have since resolved that the bank go into liquidation.

OHIO.—On the evening of January 8th, Mr. John G. Deshler, the well-known President of the Franklin National Bank, Columbus, was found on the pavement in front of his residence insensible from an apopletic stroke. He was carried into his house, and died almost immediately. Mr. Deshler was as well as usual until a few moments before the attack.

SENTENCE OF DISHONEST OFFICERS.—Jacob and John Huntzinger, late President and Cashier of the Miners' Trust Company, of Pottsville, Pa., were, on January 22d, sentenced to two years' solitary imprisonment, to pay $500 fine, and to refund to the prosecutor, Thomas Kerns, $24,000 with costs.

"THE COUNTRY."—This is a weekly journal, devoted to the kennel, shooting, fishing, yachting, boating, the road, archery, and all athletic and rural sports. It is of very neat and attractive appearance, and its contents bright and interesting, especially so to all who love the enjoyments of field, turf and river. Even those who are debarred from entering into such sports may find pleasure in the recorded experiences of others, and there is a charm in graphic narrations of exploits with horse, rod and gun, which is ever fresh to those who can thus fight their own battles over again. It is issued by "The Country" Publishing Association, 33 Murray St., New York.

SOUTH CAROLINA.—The following is the new interest law of that State:—

An Act to regulate the rate of interest on all contracts arising in this State.

SEC. 1. *Be it enacted* by the Senate and House of Representatives of the State of South Carolina, now met and sitting in General Assembly, and by the authority of the same, That from and after the passage of this act no greater rate of interest than seven (7) per centum per annum shall be charged, taken, agreed upon or allowed upon any contract arising in this State for the hiring, lending or use of money or other commodity.

SEC. 2. That no person or corporation lending or advancing money or other commodity upon a greater rate of interest than is provided for in Section 1 of this act shall be allowed to recover, in any court of this State, any portion of the interest so unlawfully charged, and that the principal sum, amount or value so let or advanced, without any interest, shall be deemed and taken by the courts of this State to be the true legal debts or measure of damages, to all intents and purposes whatsoever, to be recovered without costs.

SEC. 3. That all acts and parts of acts inconsistent with this act be, and the same are hereby, repealed.—Approved December 20, 1877.

SAFETY PAPER.—The Managers of the American Institute for 1877, recognizing the necessity for some reliable means to prevent raising checks, &c., offered a special award for the best method to accomplish this end.

A board of five judges were carefully selected who reported that the National Safety Paper having withstood every effort at alteration, the judges unanimously recommend it as the only safety paper entitled to the special medal pre scribed. The Board of Managers, and also the Board of Trustees of the American Institute, by unanimous votes in each board, confirmed the judges' report, and awarded the special medal to the National Safety Paper.

THE BLAND SILVER BILL.

ACTION OF THE NEW YORK BANKS IN REMONSTRANCE.

A meeting of the Presidents of the New York City Banks was held on Saturday, January 5th, at the Clearing House. The effect of the Silver bill, now pending in Congress, was discussed, and resolutions were adopted referring the matter to a committee who shall recommend suitable action to an adjourned meeting to be held on January 9th. Representatives of twenty-four banks were present. The following resolutions were adopted:

"*Resolved*, That in view of the bill now under consideration in Congress, which proposes, in effect, to supersede the existing law requiring the redemption of legal-tender notes in gold coin, on and after the 1st of January, 1879, by making silver dollars of 412½ grains a legal standard for the payment of all debts and measures of commercial operations in the United States, it is the duty of bank officers to seriously inquire what effect so important a change in the circulating medium will have upon the conduct of general business, and upon the respective institutions under their charge, and what practical measures, if any, can be adopted to preserve their various trusts from the serious decline which will inevitably follow the passage of the bill in question.

"*Resolved*, That a copy of these resolutions be telegraphed to the Clearing Houses of Boston, Philadelphia and Baltimore, inviting banking officers there to consider the same, and, if practicable, to send delegates to attend our meeting, Wednesday next, with a view to mutual counsel and concerted action.

"*Resolved*, That the Presidents of the trust companies, savings banks and life insurance companies in this city be also invited to attend the same meeting, and to participate in the discussion."

The following were appointed the committee, provided as above: George S. Coe, Wm. Dowd. J. D. Vermilye, Moses Taylor, H. F. Vail and C. F. Hunter.

The representatives of the banks present were Messrs. Fry, of the Bank of New York; Morrison, of the Manhattan; Vermilye, of the Merchants'; Thompson, of the Merchants' Exchange; Tappen, of the Gallatin; Coe, of the American Exchange; Montague, of the Seventh Ward; Pearsall, of the Butchers and Drovers'; Dowd, of the Bank of North America; Hunter, of the People's; Woodward, of the Hanover; Jewett, of the Irving; Comstock, of the Citizens'; Harris, of the Nassau; Bayless, of the Market; Smith, of the St. Nicholas; Stout, of the Shoe and Leather; Pool, of the Manufacturers'; Calhoun, of the Fourth National; Wheelock, of the Central National; Nazro,

of the Ninth National; Baker, of the First National; Jordan, of the Third National; and Rocholl of the German-American.'

Pursuant to the above call a meeting of Bankers and Presidents of insurance companies, trust companies and savings banks was held on January 9th at the Clearing House, to receive the report of the committee and prepare a report in accordance with the resolutions passed.

The Boston Clearing House sent a delegation to attend, with Franklin Haven as chairman. Baltimore also sent a delegation. Philadelphia did not, for the reason that the annual elections of bank directors, in that city, were held on the day of the meeting.

THE REPORT.

The Committee's report began by stating that the subject under consideration presented itself to them in the form of two very practical questions, viz.:

First, What effect the substitution of silver dollars of 412½ grains for the present gold dollars, as a legal measure of value, would have upon the conduct of general business, and upon the institutions under our charge; and

Second, What measure can be recommended to save our capitals from the loss which it is believed would result from such a change.

In respect to the first question, the committee declare that silver bullion sufficient to make a silver dollar of 412½ grains can to-day be had for a fraction less than ninety cents in gold, so that the dollars which the proposed law would create would at once reduce the standard one-tenth, and strike that amount from the value of all outstanding debts and commercial obligations. The moral evil of such capricious and arbitrary legislation, and its baneful effect in shaking public confidence in the stability of law, in lessening the rewards of industry, in impairing the obligations of contracts, and in loosening the ties that bind men together in civil life, are most obvious; but those considerations are beyond the strict line of our inquiry. Since the termination of the war the currency of the country has gradually recovered from its decline, and with its advance the debts of the people to each other have kept pace by continual change. The progress towards restoration has been recognized as one of the equitable conditions of trade, and the losses attending the transition state have been incurred and distributed by natural means. Capital in every form has made its necessary sacrifices and contributions.

WHAT THE SILVER BILL PROPOSES.

The report, after touching upon some minor points, went on to say:

Among the 40,000,000 of our living people, and among former generations, but few, very few, have ever seen a silver dollar of the United States of 412½ grains. This ancient coin, having now only a value in relation to the national dollar, known as such before the war and since, of about 90 to 100, it is proposed to revive from the dead past and to erect as the standard measure for debts incurred in the United States, as well before as after it becomes enthroned. Its dominion it is proposed to extend alike over past as well as over present and future transactions, and over both public and private obligations. At a time when the double standard nations have closed their mints to silver by reason of its extraordinary fall, it is proposed that the United States shall coin silver as money and not regulate the value thereof by the price of silver as bullion. A financial revolution so important and far-reaching, and so untimely, has at length startled the nation. But the magnitude of the change is such that comparatively few persons can yet be made to believe that such a measure is or can be seriously entertained by Congress. This new dollar is an afterthought. It cannot be substituted for the gold one promised on 1st of January, 1879, because it was never expected or provided, and the Director of the Mint has informed the Government that the utmost power at his command can only coin some forty or fifty millions of them in a single year, a sum quite inadequate for resumption and less than the gold now held in reserve for that purpose under existing law. It would be neither practical nor just to resume coin payments with dollars, some worth 90 cents and some worth 100 cents, because the desire of the people to secure the higher prizes would at once exhaust the whole supply and vacate the Treasury.

THE SECOND QUESTION.

The second question, according to the report, is a more difficult one. What practical measures can be recommended in view of the change proposed by the new bill? "It is our duty," declare the Committee, "as men holding responsible trusts, to remonstrate against unwise legislation. As a practical measure the conversion of assets into gold costs, at most, the premium paid. Who can count the cost of retaining them in paper? The sacrifice of the premium, if it be a sacrifice, the public may fairly ask the banks to make, each one according to his capital; and if their dealers will sustain them by adjusting their transactions to gold value, the change may readily be secured. The question is most opportunely presented, when we know that within the next sixty days nearly fifty millions gold will come upon this market by payments from the Treasury, independent of any foreign supplies, giving an abundant stock. This fund the country must use or lose. Unemployed here as money, it would go abroad. To retain it, we must give an equivalent. With this addition, our gold reserve will be adequate for a large business upon the gold basis. For its retention and use the purchasers could well afford to sink the small premium for the stability secured.

RESOLUTIONS RECOMMENDED.

The following resolutions were then recommended for adoption:

Resolved, That a committee be appointed, to consist of five bank officers from New York, three each from Boston, Baltimore and Philadelphia, together with three merchants and representatives from the trust and insurance companies, and with such others as from time to time may be by them added, the duty of which committee shall be:

First, To memorialize Congress against the passage of the pending Silver bill, and to petition that any enactment authorizing the coinage of silver as money except for change shall regulate the value thereof by its bullion contents.

Second, To communicate with the several banks and other institutions here represented, and through the several Clearing-House Associations of the country to their respective members, inviting and requesting all financial institutions to join in such memorial and petition; and, further, to urge upon them, and through them upon the merchants, traders and manufacturers, as speedily as may be, to place their affairs upon a gold basis, in whole or in part, and to advise from time to time the progress attained, together with such further suggestions for individual action as experience may dictate.

Resolved, That it shall be the duty of this committee to meet as soon as may seem to it convenient, and to prepare measures which shall be submitted to the financial institutions of the several cities represented.

Resolved, That the committee is requested, whenever it has matter to submit to the constituent bodies for action, to invite simultaneous meetings in the different cities of all the institutions represented.

The committee appointed under the resolutions consisted of Messrs. George S. Coe, American Exchange National Bank; Charles M. Fry, Bank of New York N. B. A.; William L. Jenkins, Bank of America; J. D. Vermilye, Merchants' National Bank; F. B. Tappen, Gallatin National Bank.

THE PREMIUM ON GOLD AT NEW YORK.

DECEMBER, 1877—JANUARY, 1878.

1877.	*Lowest.*	*Highest.*	1877.	*Lowest.*	*Highest.*	1878.	*Lowest.*	*Highest.*
January	5¼	7⅛	Dec. 27	2⅝	2⅞	Jan. 11	2⅜	2½
February	4⅝	6	28	2⅝	2⅝	12	2⅛	2⅜
March	4¼	5⅜	29	2¼	2¼	14	2⅛	2¼
April	4¾	7⅞	31	2¼	2⅞	15	1⅞	2⅛
May	6¼	7⅜	Jan. 1	Holiday.		16	1⅞	2⅛
June	4¾	6⅜	2	2¾	2⅞	17	2	2⅛
July	5⅛	6⅛	3	2⅝	2¾	18	1⅞	2
August	3⅞	5½	4	2⅝	2¾	19	1½	1⅞
September	2⅞	4	5	2⅝	2¾	21	1½	1¾
October	2½	3⅜	7	2⅝	2⅝	22	1½	1⅝
November	2½	3⅜	8	2½	2⅝	23	1¼	1½
December	2½	3⅜	9	2½	2⅝	24	1½	1¾
			10	2½	2⅝	25	1⅜	1½

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Authorized December 19, 1877, to Jan. 23, 1878.)

No.	Name and Place.	President and Cashier.	Capital. Authorized.	Capital. Paid.
2376	Exchange National Bank...... Olean, N. Y.	C. V. Barse.............. Mills W. Barse.	$ 100,000	$ 100,000

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from January No., page 569.)

State.	Place and Capital.	Bank or Banker.	N. Y. Correspondent and Cashier.
ALA....	Montgomery...	J. R. Adams & Co........	National Park Bank.
DAK....	Fargo.........	Bank of Fargo............ E. B. Eddy, *Pr.*	Chase National Bank. E. C. Eddy, *Cas.*
ILL.....	Chicago.......	Boardman & Press........	Commercial National Bank.
IND....	Goodland......	Wilson & Spoor..........	Third National Bank.
KANS...	Clyde.........	J. A. Farnham............	Commercial Bank.
" ..	Topeka........	Western Loan & Trust Co. H. J. Ransom, *Pr.*	George Opdyke & Co. George S. Brown, *V. P.*
N. Y...	Little Falls....	R. G. Starkweather........	Merchants' Exch. Nat. Bank.
"	Olean......... $ 100,000	Exchange Nat. Bank (2376). C. V. Barse, *Pr.*	Leather Manufrs' Nat. Bank. Mills W. Barse, *Cas.*
TEXAS..	Austin.......	R. A. Chadwick..........	S. M. Swenson, Son & Co.
"	Daingerfield...	Reynolds & O'Neil........	S. M. Swenson, Son & Co.

RECENT CHANGES OF TITLE, ETC.

(Monthly List, continued from January No., page 570.)

N. Y. CITY. Burras & Whitfield; now H. K. Burras & Co.
" . Buttrick, Goddard & Elliman; now Buttrick & Elliman.
" . R. P. Flower; now R. P. Flower & Co.
" . Leonard, Sheldon & Co.; now Leonard, Howell & Co., and Sheldon & Wadsworth.
" . Oppenheim Brothers; now Edward L. Oppenheim.
" . Richards & Tillinghast; now William E. Tillinghast.
" . D. B. Van Emburgh & Co.; now Van Emburgh & Atterbury.
ARK.... German Savings Bank, *Little Rock;* now German Bank. Same officers.
IND.... Goodland Bank (Spinney & Cones), *Goodland;* succeeded by Wilson & Spoor.
KANS... Edgar Hull, *Independence;* now Hull & Billings.
" .. A. B. Salisbury, *Peabody;* sold to Sterling & Morse.
MASS... Covel & Haffards, *Fall River;* now G. M. Haffards.
MICH... Graff, Dennis & Co., *Grand Rapids;* now H. H. Dennis.
MINN... Eddy & Erskine, *Plainview;* now Eddy, Erskine & Co.
MISS.... Bush, Patty & Co., *Macon;* now Bush, Redwood & Co.
NEB.... L. Boder & Brother, *Falls City;* succeeded By Reuel Nims & Co.
N. Y.... Hays & Wells, *Johnstown;* now David Hays.
R. I.... A. Wall & Son, *Providence;* succeeded by Clinton R. Weeden.
TEXAS.. Raguet & Fry, *Marshall;* now E. J. Fry.
WIS.... Houghton, McCord & Co., *Milwaukee;* now Houghton Brothers.

CHANGES OF PRESIDENT AND CASHIER

(*Monthly List, continued from January No., page 570.*)

	Name of Bank.	*Elected.*	*In place of*
N. Y. CITY.	Chemical National Bank...	George G. Williams, *Pr.*	J. Q. Jones.*
"	" ...	Wm. J. Quinlan, Jr., *Cas.*	G. G. Williams.
"	. Marine National Bank.....	John N. Quirk, *Cas.*.....	S. Green.*
"	. "	John D. Fish, *Ass't Cas.*.	A. D. Daboll.
"	. Nat. Bank of Commerce...	Henry F. Vail, *Pr.*......	R. L. Kennedy.
"	. St. Nicholas Nat. Bank....	William R. Fosdick, *Pr.*.	J. L. Smith.
"	. Union Dime Sav. Bank....	John W. Britton, *Pr* ...	N. J. Haines.
"	. " ...	Silas P. Dutcher, *V. P.*..	M. G. Lane.
"	. " ...	Charles E. Sprague, *Sec.*.	T. F. Jones.
ALA....	Selma Savings Bank, Selma...	R. M. Nelson, *Pr.*.......	N. H. R. Dawson.
CAL....	Clearing House, San Francisco.	James S. Hutchinson, *Sec.*	G. C. Hickox.
"	.. First Nat'l Gold Bank, " .	E. D. Morgan, *Cas.*......	G. W. Rodman.
"	.. Pacific Bank, " .	R. H. McDonald, *V. P.*..	. ...
		S. G. Murphy, *Cas.*......	E. D. Morgan.
CONN ..	Fars. & Mech. N. B., Hartford.	William W. Smith. *Cas.*.	....
"	.. First Nat. Bank, New Milford..	A. B. Mygatt, *Pr.*........	D. Marsh.
GA.....	Citizens' Bank of Georgia, Atlanta	Perino Brown, *Pr.*.......	W. C. Morrill.
		Wm. H. Patterson, *Cas.*.	P. Brown.
ILL.....	Union Nat. Bank, Chicago....	Calvin T. Wheeler, *Pr.*.	W. F. Coolbaugh.*
"	.. First National Bank, Lanark...	Robert Paley, *Pr.*........	John Wolf.
"	.. First Nat'l Bank, Mt. Carroll...	Owen P. Miles, *Cas.*.....	....
IND	Brighton Nat'l Bank, Brighton.	John W. Prizer, *Pr.*.....	....
"	.. Second Nat. Bank, Franklin...	Wm. H. Lagrange, *Pr.*.	J. Clarke.
"	.. Central Nat. B'k, Indianapolis.	R. Frank Kenedy, *Pr.*...	J. M. Ridenour.
"	.. Merchants' Nat. B'k, "	H. G. Carey, *Pr*........	J. S. Newman.
"	.. Bank of Commerce, "	John H. Stewart, *Pr.*...	W. Henderson.
KAN....	First Nat'l Bank, Lexington....	Avery Winslow, *Pr.*.....	S. P. Kenney.
"	. Western Loan & Trust Co., Topeka	H. J. Ransom, *Pr.*......	G. Storch.
		George S. Brown, *V. P.*.	....
MASS...	Orange Nat. Bank, Orange....	George A. Whipple, *Pr.*.	D. E. Cheney.
MICH...	Second Nat'l Bank, Bay City...	M. M. Andrews, *Cas*	W. L. Plum.*
"	.. Farmers' N. B,, Constantine...	Edward Thorne, *Pr.*....	M. Powell.
"	.. Detroit Savings Bank, Detroit..	Alexander H. Adams, *Pr.*	....
"	.. First Nat. B'k, Grand Haven...	Dwight Cutler, *Pr.*......	E. P. Ferry.
"	.. First Nat. Bank, Hillsdale.....	Henry Waldron, *Pr.*....	W. Waldron.
"	.. First National Bank, Leslie....	C. C. Walker, *Cas.*.....	W. W. Peirson.
"	.. Muskegon Nat. B'k, Muskegon.	W. B. McLaughlin, *Cas.*.	....
MINN...	Plainview Bank, Plainview....	Henry Amerland, *Cas.*...	E. C. Eddy.
"	.. Second Nat'l Bank, Winona...	J. A. Prentiss, *Pr.*.......	T. Simpson.
MO.....	Farmers' Bank, Bowling Green	R. W. Bourn, *Pr.*.......	....
		Elijah Robinson, *V. P.*..	R. W. Bourn.
N. J	.. National State Bank, Newark..	Theodore Macknet, *Pr.*..	W. B. Mott.
"	.. Phillipsburg National Bank....	J. A. Bachman, *Cas.*......	L. C. Reese.*
N. Y....	City National Bank, Binghamton	William R. Osborn, *Pr.*.	C. W. Sanford.
		Hartwell Morse, *Cas.*....	W. R. Osborn.
"	.. Manufacturers' N. B., Brooklyn.	George Mahon, *Pr.*......	C. H. Fellows.
"	.. First National Bank, Ithaca....	Josiah B. Williams, *Pr.*.	....
"	.. National Bank of Norwich	Burr B. Andrews, *Pr.*...	....
"	.. First National Bank, Nunda...	Peter Depuy, *Cas*........	J. S. McMasters.
OHIO ...	Second National Bank, Cincinnati	B. Eggleston, *Pr.*.......	S. Evans.
		Robert Brown, *V. P.*....	....
"	. Clearing-House Asso., "	James Espy, *Pr.*........	D. J. Fallis.
"	. First National Bank, Akron....	W. McFarlin, *Cas.*......	H. G. Fuller.
"	.. Farmers' Nat. B'k, Greenville..	G. W. Studabaker, *Pr.*..	H. W. Emerson.*

* Deceased.

	Name of Bank.	*Elected.*	*In place of*
PENN...	Honesdale National Bank......	Coe F. Young, *Pr*.......	Z. H. Russell.
" ..	First National Bank, Indiana..	W. J. Mitchell, *Cas*......	H. A. Thompson.
" ..	Miners' Savings Bank, Pittston	Adam A. Bryden, *Pr*....	M. Reap.
		Frank P. Reap, *Cas*.....	A. A. Bryden.
" ..	First National Bank, Reading..	John R. Kaucher, *Cas*...	A. F. Boas.
R. I....	Roger Williams Nat. Bank, Providence	James W. Taft, *Pr*......	C. Harris.
VA.....	City Bank, Richmond.......	Edward Cohen, *Pr*......	J. H. Gardner.
		William R. Trigg, *Cas*..	E. Cohen.
ONT....	Bank of Montreal, Goderich....	Chas. R. Dunsford, *Agt*.	J. H. Finlay.
" ..	" Guelph.....	James H. Finlay, *Mgr*...	A. T. Kerr.

DISSOLVED OR DISCONTINUED.

(*Monthly List, continued from January No., page* 571.)

N. Y. CITY. Bull's Head Bank; closing.
" . John Bonner & Co.; assigned.
" . H. H. Hollister; failed.
" . Netter & Co.; suspended.

ARK.... Nelson & Hanks, *Helena;* stopped business as bankers.

CAL.... Hickox & Spear, *San Francisco;* assigned.

COL.... People's Savings Bank, *Denver;* assigned.

DAK.... Mark M. Parmer, *Yankton;* closed.

ILL..... Chesnut & Dubois, *Carlinville;* assigned.
" .. Danville Banking & Trust Co., *Danville;* failed.
" .. Peddecord & Burrows, *Decatur;* suspended. Resumed January 22d, with new partner.
" .. Homer Bank, (T. D. McKee) *Homer;* assigned.
" .. Jacob Bunn, *Springfield;* suspended and assigned.
" .. Patterson & Co., *Sterling;* assigned.

IND .... State Savings Bank, *Indianapolis;* voluntary liquidation.
" .. German Savings Bank, *La Fayette;* suspended.
" .. First National Bank, *Sullivan;* in liquidation.

IOWA.... I. N. Thomas' Bank, *Des Moines;* suspended.
" .. J. T. Davis & Co., *Hamburg;* suspended.
" .. H. G. Boon & Co., *Keokuk;* closing.
" .. Cole, Swain & Co., *Shenandoah;* closing.

KANS... Farmers' Bank & Loan Agency, *Holton;* discontinued.

LA...... Pike & Howard, *New Orleans;* dissolved.
" .. L. L. Tomkies, *Shreveport;* suspended.

MASS.... West Boston Savings Bank, *Boston;* to be closed.

MICH... Cyrus Hewitt & Co., *Lansing;* merged in Second National Bank.
" .. R. G. Hart, *Lapeer;* out of business.
" .. G. A. Woodford & Co., (Exchange Bank), *Menominee;* assigned.
" .. A. W. & C. G. Parkhurst, *Oxford;* discontinued banking business.

MINN... Bank of Litchfield (Chauncey Butler), *Litchfield;* assigned.

MO..... Second National Bank, *St. Louis;* in voluntary liquidation.
" .. Real Estate Savings Bank, *St. Louis;* suspended.
" .. Buchanan Bank, *St. Joseph;* assigned.

N. H... Rollinsford Savings Bank, *Rollinsford;* deposits declined for six months.

N. J.... Passaic County Savings Bank, *Paterson;* closed.
" .. State Savings Bank, *Trenton;* suspended.

N. Y.... Bank of Lowville (G. M. Brooks), *Lowville;* suspended.
" .. Rockland County National Bank, *Nyack;* suspended.

OHIO... Bank of Canal Fulton (S. Cove & Co.), *Canal Fulton;* assigned.
" .. Garrettsville Savings Bank, *Garrettsville;* assigned.

PENN... Bank of Industry, *Pittsburgh;* winding up.
" .. Pottsville Bank, *Pottsville;* closed.
" .. W. W. Morrison, *West Middlesex;* failed.

VA..... Bank of Berryville, *Berryville;* failed.

WIS.... J. A. Farnham, *Wausau;* now in banking business at Clyde, Kansas.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE—1877.

Prepared by HASSLER & CO., 7 Wall Street.

(*For preceding Six Months, see* BANKER'S MAGAZINE *for September*, 1877.)

STOCKS.	JULY.		AUGUST.		SEPTEMBER.		OCTOBER.		NOVEMBER.		DECEMBER.	
	Lowest.	*Highest.*	*Lowest*	*Highest.*	*Lowest.*	*Highest.*	*Lowest.*	*Highest.*	*Lowest.*	*Highest.*	*Lowest.*	*Highest.*
U. S. Six per cts. of 1881, Coupon Bonds	111⅞	112½	111¼	112⅜	110⅜	111	109½	110¾	110¼	110⅞	109½	111
" Five-Twenty of 1865, " "	—	—	—	—	—	—	—	—	—	—	—	—
" " 1865, New "	106½	107	105⅞	107	105⅛	105⅞	105	105⅞	105⅝	106⅜	105⅝	106¾
" " 1867	108⅝	109½	108⅛	109⅜	107	108	106⅞	108⅜	108¼	109¼	108¼	109¾
" " 1868	111½	112⅝	110⅞	111½	109⅝	110⅛	109⅛	109¾	110	111½	110	111¾
" Ten-Forty Coupon Bonds	112¾	113¼	112	113⅛	107¾	109¾	107⅜	108⅞	108¼	108¾	107½	109
" Five per cents. of 1881, Coupons	111	112	108¾	110⅛	107⅛	108¾	106⅝	107⅞	106½	107	105¼	107⅜
" Six per cents. Currency	123⅛	126	123¾	125¼	120⅝	123⅜	120¾	121⅛	121¼	122	120	122½
Canton Company, Baltimore	17½	20	14½	14½	18	23	22	22½	21	22	20	20
Delaware and Hudson Canal Company	33⅛	47	38⅞	50¼	39¼	57¼	39¾	46⅞	45¾	46½	45	52¾
Consolidated Coal Company of Maryland	—	—	21	21	—	—	—	—	25	25	—	—
Quicksilver Mining Company	13	14⅝	13¼	20	18½	22½	13	24	16½	18	16	17½
" " " Preferred	22½	25	24	35	31⅝	36½	33	45	32¾	36	28	33¼
Mariposa Land and Mining Company	2	3	—	—	1¼	2	⅝	1¾	1¼	3¾	2	3¼
" " " " Pref.	2	2¾	—	—	2	2	⅞	1½	1½	5	2½	5
Western Union Telegraph Company	57⅝	71¾	70¼	83¾	76¼	84⅝	76⅞	84⅜	77¼	81¼	75¼	79⅛
Pacific Mail Steamship Company	19	22½	20⅜	26¼	22⅛	25½	22¼	24¾	21	24⅛	20½	23½
Adams Express Company	95	99⅞	92	100	92	100	95½	100	95½	99¾	96¼	98¼
Wells, Fargo & Co. Express Company	81	82¼	82	84½	82	85	83½	87	86¼	87¼	86¾	87¾
American Express Company	43¼	46½	44	46¼	45¼	55¼	52½	55½	49	56	49	51½
United States Express Company	40	42	41	45	44¼	50	44½	50	44¾	48	46¾	48½

N. Y. Central and Hudson River R. R....	89⅜	95¼	92⅜	103¼	99¾	104⅜	101¼	109¼	105½	107¾	104¼	107½
Erie Railway	6¼	9⅛	8⅛	12⅝	10	13¼	11¼	15	8½	12⅞	7⅞	10¼
" Preferred	16¼	18	18	23½	20	21	24	27	18½	25⅛	22½	23
Harlem Railroad	137½	140	139	142½	141	142¾	142	144	143	147	141½	147
N. Y., New Haven and Hartford R. R....	149	150¼	151¾	153	152⅞	154	153	154¾	154	157	153	158½
Michigan Central Railroad Company	40½	44½	43	59½	56⅜	61⅜	58⅜	74¼	57⅝	65¾	54½	65
Lake Shore and Michigan Southern R. R...	46½	52⅜	49¼	65⅞	61⅞	66⅜	63¾	73⅜	62½	69¾	58	64⅞
Panama Railroad Company	98	100	101	113	111	113	115¾	130	120	125	124	125
Union Pacific Railroad Company	63½	66⅛	62	71¾	66⅞	70⅞	66	68	66⅜	67¾	64¾	67¾
Illinois Central Railroad Company	53½	62	60¼	65½	65⅛	72⅜	71½	79	70½	75¼	71⅛	74⅝
Cleveland and Pittsburgh Railroad Co....	75¾	82½	78	82	82	83	74	84¾	76	79⅞	76	78¼
" Col., Cin. and Ind. Railroad....	23½	27	24½	35	31½	41½	37½	49¾	35	42⅛	31⅞	39
Chicago, Rock Island and Pacific R. R....	90¼	96⅛	94	102	99¾	102⅞	100¼	105½	99	101¾	99⅝	101¾
Pittsburgh, Ft. Wayne and Chicago R. R....	84¾	90½	86¾	92½	90	92½	87	94	88	92¼	91	93½
Chicago, Burlington and Quincy Railroad...	97	100	98½	104½	99½	102¼	101¼	105	101½	103⅜	101	102¼
" and Alton Railroad Company	82	90	85	90	84¼	87	77	86	74	80½	76¾	78½
" " " Preferred	101	110	—	—	102	103½	103	105	99½	103	100½	102
" and Northwestern Railroad Co....	19	23	21⅝	35½	32⅛	38⅜	33⅜	43⅞	33⅛	37⅜	33	36½
" " " Pref....	45⅛	52⅝	50¾	63½	61⅜	64¾	61⅜	69½	63	67½	61¼	66¾
" Milwaukee and St. Paul R. R....	19⅛	24⅞	24	31¾	30⅜	36⅞	31¼	42⅛	32¼	37⅛	33⅝	37½
" " " Pref....	51	61⅛	59¾	67¾	66⅛	72⅝	66⅛	72⅞	66⅝	72	68⅞	73¼
St Louis and Iron Mountain R. R	5⅜	10	7	8½	5⅝	7	6¼	8½	6¾	7¾	7½	8
Pacific Railroad Company of Missouri	—	—	2	2	2	2½	2	2¾	1⅜	2	1¼	1½
St. Louis, Kansas City and N. R. R	3¼	4½	3½	4⅞	4	6⅜	4⅞	6½	4½	5¾	4⅝	5¼
" " " " Pref....	20¾	23½	21¾	24½	23	27¼	24½	27½	22⅞	25½	22½	24
Del., Lackawanna and West. R. R. Co	36	46	40⅛	51⅛	44¼	59⅝	45	53¼	45½	51⅝	47⅛	51⅞
Morris and Essex Railroad Company	64	72¼	68⅛	77½	70¼	83	70½	77	73	76½	73	78¼
New Jersey Central Railroad Company....	7⅜	12	10¼	21½	14¾	19¾	15	18¼	11	15⅜	12	14¼
Rensselaer and Saratoga Railroad Co	93	93	96	96	99	100½	—	—	—	—	95	95
Ohio and Mississippi Railroad Company...	2½	3⅜	3	7⅝	6	7½	7	11⅜	8⅝	9⅝	7⅝	10¼
" " " Pref....	4	6	8	11¼	10	14	14⅛	20	14½	17	16	17½
Hannibal and St. Joseph Railroad	11	15⅞	9	12¾	11½	14¾	9½	13¾	12¼	13⅜	11¼	12½
" " " Pref....	28	33⅞	23	29½	26¾	31¾	20	30¼	27¾	31	24¼	28½
Col., Chicago and Ind. Central Railroad...	1½	3⅜	2	5	3⅜	5¼	3⅝	5½	3½	4¼	3	4
Wabash Purchasing Committee Receipts...	1	5	4⅞	15	9¾	14⅜	12¼	20½	14½	17	13½	15½

PUBLIC DEBT OF THE UNITED STATES.

Recapitulation of the Official Statements—cents omitted.

DEBT BEARING INTEREST IN COIN.	Dec. 1, 1877.		Jan. 2, 1878.
Bonds at six per cent.	$748,667,800	...	$748,667,200
Bonds at five per cent.	703,266,650	...	703,266,650
Bonds at four and a-half per cent.	200,000,000	...	200,000,000
Bonds at four per cent.	70,000,000	...	74,900,000
	$1,721,934,450		$1,726,833,850
DEBT BEARING INTEREST IN LAWFUL MONEY.			
Navy pension fund at three per cent.	$14,000,000	...	$14,000,000
DEBT ON WHICH INTEREST HAS CEASED.	$24,702,050	...	$21,512,240
DEBT BEARING NO INTEREST.			
Old demand and legal-tender notes	$351,403,990	...	350,007,308
Certificates of deposit	36,055,000	...	32,830,000
Fractional currency	18,043,020	...	17,764,108
Coin certificates	32,391,400	...	33,424,900
Total principal	$437,893,411	...	$434,026,317
Total debt	$2,198,529,911	...	$2,196,372,407
Interest	31,644,767	...	37,430,285
TOTAL DEBT, principal and interest	$2,230,174,678	...	$2,233,802,692
CASH IN THE TREASURY.			
Coin	$133,970,214	...	$139,518,405
Currency	8,816,396	...	5,498,844
Currency held for redemption of fractional currency	9,806,002	...	10,000,000
Special deposit held for redemption of certificates of deposit, as provided by law	36,055,000	...	32,830,000
	$188,647,612	...	$187,847,250
Less estimated amount due military establishments for which no appropriations have been made	4,500,000	...	——
Total	$184,147,612	...	——
Debt, less cash in the Treasury, Dec. 1, 1877	$2,046,027,065	...	——
" " " Jan. 1, 1878	——	...	$2,045,955,442
Decrease of debt during the past month	$1,323,634	...	$71,623
Decrease of debt since June 30, 1877	14,131,157	...	14,202,780
BONDS ISSUED TO THE PACIFIC RAILWAY COMPANIES, INTEREST PAYABLE IN LAWFUL MONEY.			
Principal outstanding	$64,623,512	...	$64,623,512
Interest accrued and not yet paid	1,615,587	...	1,938,705
Interest paid by the United States	35,957,629	...	35,957,629
Interest repaid by transportation of mails, &c.	8,975,433	...	9,006,189
Balance of interest paid by the U. S.	$26,982,195	...	$26,951,439

NOTES ON THE MONEY MARKET.

NEW YORK, JANUARY 26, 1878.

Exchange on London at sixty days' sight, 4.82¼ *a* 4.83 *in gold.*

Among the events attracting the chief attention in financial circles we may cite first the passage yesterday by the Senate of the Matthews' resolution declaring by a vote of 43 to 22 that the U. S. bonds issued prior to 1873 may be paid in silver if the Government shall so decide. The second topic of interest is the opening to-day by the Treasury of the subscriptions for the four-per-cent. loan, the terms of which will be found elsewhere. The syndicate have made application to Washington to be released from the ten millions of four-per-cent. bonds last subscribed by them under their contract with the Treasury. It is thought in well informed quarters that as soon as the silver question is disposed of by Congress, the new fours will be eagerly sought as investments and that by those who had previously invested in savings banks and otherwise 100 millions or more will be easily absorbed. A third topic which is attracting some notice is the action of the House Committee on Finance of the Massachusetts Legislature who have reported a bill making the whole debt of the State payable fn gold.

The rates for loans are somewhat improved, although the demand for accommodation is quite limited. So many losses have been incurred of late that the banks are more cautious and scrutinize transactions with greater care than has been usual. The same state of things is reported in the interior cities, notwithstanding the heavy movement of produce for exportation. In Boston, New Orleans, Milwaukee, Pittsburgh, Louisville and Baltimore the activity of business as indicated by the bank clearings of the past month fully equals, and in some places exceeds, that of the same period of last year. But in St. Louis, Chicago, Cincinnati, Cleveland, San Francisco and also in Philadelphia the business of the banks shows a considerable falling off from the level of last year. From these facts it has been inferred that the depression from which the revival has been so long expected still continues, and is likely to prevail without much early promise of abatement. This, however, is disputed in some quarters, and attention is called to the movements of grain which are certainly large and to the immense crop of 1877 which will continue to furnish large cargoes for shipment over our railroads to the sea-board to meet the European demand. There is no doubt that an immense business is being done throughout the interior, but the margin of profits is so small and the burden of past indebtedness presses with so heavy a weight upon the enterprise of our mercantile community that the advantages accruing and the increase of the general wealth of the conntry are by no means commensurate with the volume of business. The grain movement for the last two years is reported as follows :

		Western Receipts.	*Western Shipments.*	*Atlantic Receipts.*
Flour, 1877	bbls.	5,107,531	5,340,423	8,546,349
" 1876	"	5,578,950	4,977,845	9,939,150
Wheat, 1877	bushels	53,776,909	44,633,537	46,000,508
" 1876	"	55,834,141	48,799,613	42,740,235
Corn, 1877	"	77,995,208	67,587,819	87,804,025
" 1876	"	81,054,249	75,010,881	86,775,163
All grain, 1877	"	169,431,733	138,386,343	166,728,169
" 1876	"	173,561,877	150,361,872	163,694,941

For the last five years the movement of all grains has been as reported in the following table:

		Western Receipts.	*Western Shipments.*	*Atlantic Receipts.*
1873	bushels	167,723,758	134,862,056	125,253,186
1874	"	171,249,249	127,631,866	139,399,192
1875	"	154,063,413	124,443,329	136,963,146
1876	"	173,561,877	150,361,872	163,694,941
1877	"	169,431,733	138,386,343	166,728,169

The stock market offers few features of special interest. Less activity has prevailed in investment securities than was expected. At the beginning of the year there is usually an active movement in these classes of bonds and stocks. For various reasons it has been less conspicuous than in ordinary years. Confidence has been rudely shaken in regard to some favorite securities, and the profits of the last year do not supply as much idle capital as formerly for investment. Government bonds are in demand, especially those of the smaller denominations, which have advanced in price above the larger issues. This circumstance is supposed to be favorable to the new loan, as investors can obtain $ 50 and $ 100 bonds without difficulty. It has been suggested that $ 20 bonds ought to be authorized to accommodate an important class of small investors who would gladly avail themselves of this means of investing in government bonds.

Subjoined are the averages of the New York banks for the past four weeks:

1877.	*Loans.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Deposits.*	*Excess of Reserve.*
Dec. 29	$239,173,900	$22,122,400	$35,300,500	$19,657,800	$197,711,800	$7,994,950
Jan. 5,'78	239,256,400	25,207,500	34,612,000	19,787,100	201,981,500	9,324,125
" 12	239,936,300	27,093,200	34,804,000	19,861,600	203,666,000	10,980,700
" 19	236,981,200	28,477,500	37,189,300	19,841,800	205,972,300	14,173,725

The Clearing-House exhibit of the Boston banks for the past month is as below:

1877.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Dec. 29	$127,723,900	$3,347,900	$6,043,700	$72,066,900	$24,336,400
Jan. 5,'78	129,026,800	4,293,400	5,625,800	74,489,600	24,766,300
" 12	131,015,000	5,100,700	5,074,400	74,422,000	24,880,900
" 19	130,875,000	5,366,400	3,982,800	73,036,900	24,823,200

The Philadelphia bank statements for the same time are as follows:

1877.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Dec. 29	$58,566,926	$1,517,841	$13,335,831	$46,162,612	$10,866,105
Jan. 5,'78	59,409,567	1,769,238	13,361,352	47,247,944	10,921,256
" 12	59,585,451	1,890,177	13,230,655	47,197,084	10,911,639
" 19	59,737,838	2,014,689	12,941,827	47,014,740	10,975,584

State securities are quiet but firm. Louisiana consols are in demand at 83 to 84½. Tennessees are selling at better prices, and close firm at 38. Virginia consols are quiet, with few transactions at 54 to 58. Railroad bonds are

firm but less active, the prices having advanced so as to check investment in some degree. Railroad shares are irregular and depressed, though the coal combination, which is just being concluded, has given some support to the prices of the coal stock. Subjoined are our usual quotations:

QUOTATIONS:	*Dec.* 28.	*Jan.* 4.	*Jan.* 11.	*Jan.* 18.	*Jan.* 25.
Gold	102⅝	102¾	102⅜	101⅛	101⅜
U. S. 5-20s, 1867 Coup.	108¼	105¼	106	105⅝	105⅞
U. S. 10-40s Coup.	107⅜	107	108⅛	107⅞	108¾
West. Union Tel. Co.	77⅜	77⅛	77¼	77	77¼
N. Y. C. & Hudson R.	105⅞	106	106¾	106½	105¾
Lake Shore	62	61	61⅞	61⅝	61⅞
Chicago & Rock Island	100⅛	99½	99¼	99⅝	99½
New Jersey Central	12¼	15⅝	16¼	16	15¼
Del. Lack. & West.	50	47⅝	50¼	51⅛	49⅞
Delaware & Hudson	51	47¼	50⅝	51	48⅞
North Western	34½	34⅜	35⅞	36¾	36⅞
Pacific Mail	22⅞	21½	22⅞	23⅛	23½
Erie	8½	8⅛	8¾	9⅞	9
Call Loans	4 @ 6	7 @ 1-32	5 @ 7	3 @ 6	4 @ 5
Discounts	5 @ 8	5 @ 8	5 @ 8	5 @ 8	5 @ 8
Bills on London	4.82½-4.86	4.82-4.85½	4.81½-4.84½	4.82-4.84½	4.83-4.85½
Treasury balances, cur.	$35,234,305	$33,982,333	$33,836,704	$33,639,064	$35,874,660
Do. do. gold.	$99,847,799	$102,133,784	$100,533,011	$102,137,340	$102,438,074

Gold has fallen to the lowest price yet reached. Foreign exchange has advanced on speculative movements. Silver is lower in London and is quoted at 53⅝d. per ounce. The aggregate export of silver from the United States in 1877 was nearly thirty millions, and the import nearly fifteen millions, so that the excess of exports was $15,044,684, which is about one-third of the whole silver production of the United States. During the last ten years the average silver exports have been $27,507,383, and the imports $8,684,492. Hence, the excess of exports has averaged $18,822,891, or nearly four millions more than that of last year. The export movement of silver in 1877 is reported as follows:

	Bullion.	*Coin.*	*Total.*
Exports, domestic product	$11,483,894	$9,292,743	$20,776,637
" foreign product	334,167	8,462,059	8,796,226
Total Exports	$11,818,061	$17,754,802	$29,572,863
Total Imports	4,693,252	9,834,927	14,528,179
Excess of Exports	$7,124,809	$7,919,875	$15,044,684

The movements of the British silver market in 1877 are of much interest. They are reported as follows: The price in January opened at 56⅞d. and improved to 58¼d.; and slowly declined to 53¼d. in March. From that time until September about 54d. ruled; but in October large Indian orders caused a steady rise to 55⅝d. Through the closing months the market weakened and prices again fell to 54d., the last quotation of the year being 53¾d. The transactions of 1877 have been of great magnitude, the exports to India having been considerably increased by the requirements for famine purposes and by the cessation for three months—Sept. 20 to Dec. 12—of the Council drafts on India; the total sent thither having amounted to no less than £12,618,000, and in addition about £1,500,000 was sent from China to Calcutta. The orders from Spain have also been important. The supplies were from Germany, £13,300,000, and from the United States, about £2,500,000. During the year San Francisco also sent to China and Japan

£3,383,000. The total British imports of silver were £21,147,000, and the total exports £19,460,000, the market retaining £1,687,000. The total British imports and exports of silver for the last five years are reported as follows:

	1873.	1874.	1875.	1876.	1877.
Imports..........	£12,382,220	£11,797,994	£9,507,757	£13,273,280	£21,147,000
Exports..........	10,255,500	12,385,438	8,650,122	13,596,970	19,460,000

The average price was $54\frac{13}{16}$d. The range, as above stated, between $53\frac{1}{4}$d. and $58\frac{1}{4}$d., the difference between the lowest and highest being 5d. or nearly 9.22 per cent.

In connection with the resolution lately passed by the House of Representatives instructing the Committee on Banking and Currency to inquire what amount of coin is available for resumption, the estimates of Dr. H. R. Linderman, the Director of the mint are of interest: Dr. Linderman adds to the estimated quantity of gold on hand June 30th, 1876—$151,565,000—a sum of 44 millions as product of mines for the year, besides $26,245,604 for importations. These figures together amount to $221,810,604, from which have to be deducted $26,590,374 as exportations and $2,500,000 for consumption in the arts, etc., which leaves $192,720,230, as the estimated amount of gold coin and bullion on June 30th, 1877. Pursuing the same process with regard to silver, and estimating the production of the year to have been $38,000,000, Dr. Linderman concludes that $50,135,628, was the amount of silver coin and bullion in the United States at the end of June, 1877. On these estimates the aggregate stock of the precious metals therefore, was 242 millions of dollars six months ago, and at the end of September the additions of the quarter had raised it to over 260 millions, the estimate then being $207,459,095 gold, and $53,492,656 silver.

The subjoined table compares the greenback and other aggregates of last week with those of former years:

	Loans & Dis.	*Specie.*	*Greenbacks.*	*Circulat'n.*	*Deposits.*
Dec. 22, 1877...	$239,764,200	$19,674,600	$36,067,500	$19,293,900	$194,842,500
Dec. 23, 1876...	252,684,000	27,659,800	35,546,900	15,137,800	206,170,700
Dec. 24, 1875...	263,683,500	16,759,900	40,782,200	18,950,700	200,640,800
Dec. 26, 1874...	283,665,300	13,397,100	47,163,400	24,610,100	213,889,600
Dec. 27, 1873...	258,094,500	23,514,300	44,664,000	27,156,100	195,152,100
Dec. 28, 1872...	274,572,400	17,241,800	41,119,600	27,573,000	198,529,600

DEATHS.

At BOSTON, MASS., on Monday, January 14th, aged seventy years, BENJAMIN E. BATES, President of the National Bank of Commerce, of Boston.

At SALMON, FALLS RIVER, MAINE, on Wednesday, December 5th, by accident, JOHN H. BURLEIGH, President of the South Berwick National Bank.

At COLUMBUS, OHIO, on Tuesday, January 8th, aged fifty-eight years, JOHN G. DESHLER, President of the Franklin National Bank.

At GREENVILLE, OHIO, on Tuesday, December 11th, aged sixty-nine years, HENRY W. EMERSON, President of the First National Bank of Greenville.

At BROOKLYN, N. Y., on Sunday, January 20th, aged sixty-seven years, SIDNEY GREEN, Cashier of the Marine National Bank of New York City.

At BAY CITY, MICHIGAN, on Wednesday, January 9th, aged twenty-nine years, W. L. PLUM, Cashier of the Second National Bank of Bay City.

THE

BANKER'S MAGAZINE,

AND

Statistical Register.

Volume XII, Third Series. } MARCH, 1878. No. 9.

THE PROPOSED ABOLITION OF BANK NOTES.

The Comptroller of the Currency presented on February 19th an able argument against the bill of the Committee on Banking and Currency for withdrawing the National bank notes and replacing them with a new description of Treasury notes. These proposed notes are to be in the following form: "The United States of America are indebted to the bearer in the sum of —— dollars." There is no promise to pay nor is any reserve of specie to be held for their redemption; but the notes are to be receivable in payment of all taxes and demands due to the United States, and of all claims and demands against the United States except for obligations payable in coin by law. They are also to be received at par for the four per cent. bonds issued by the Treasury. The bill provides that the Treasury shall cease to pay out National bank notes and shall send them to Washington, where they are to be assorted and returned to the issuing banks, who shall pay into the Treasury an equal sum of Greenbacks or of the new Treasury notes.

This bill has been for some time preparing. It is nearly completed and will shortly be reported to the House. The only reason assigned for the abolition of National bank notes is, that the profits of their issue ought to belong to the Government. Mr. Comptroller Knox, in his argument against the bill, showed that these profits were not as great as is generally supposed, inasmuch as the banks have voluntarily

given up fifty millions of their note issues. He might have added that if the profits were ten-fold greater than they are, they would not compensate the country for the dangers of a crude, rash scheme, such as is here proposed. The Comptroller devoted the chief part of his address to showing that the proposed bill would introduce changes of a revolutionary character into our finances. The first effect, he said, which the bill would produce, was the destruction of the National banking system, after a trial of fifteen years. Secondly, it would give Congress the right to issue an irredeemable species of currency never before known or used in this country. Thirdly, it would introduce the subject of currency into politics as a permanent element of popular discord and mischievous agitation, so that propositions for its enlargement or diminution would be likely to be introduced in each successive Congress. Finally, he showed that the bill would result in the re-establishment, at an early date, of the old State bank systems of note issues, with the heavy losses which those issues inflicted upon the nation, prior to the establishment of the National banking system.

The remarks of the Comptroller are certainly conclusive, and they show that the members of the Committee on Banking and Currency have failed to discharge one fundamental part of the duty they owe to their constituents and to the country. They should have examined and thoroughly explored the delicate machine which they desired to revolutionize, and they should have made sure that the new currency mechanism they proposed to create was capable of working as well as that which it was intended to succeed. The committee suppose that the issue of Treasury notes, under their new bill, would be 319 millions. How it would be possible to keep in circulation one-fourth of this sum, they will find it very difficult to demonstrate. The new Treasury notes are not to be a legal tender except for the currency receipts and payments of the Treasury, which amount to less than twenty millions a month. For other purposes these notes would have no forced circulation. They would not be a legal acquittance. They would be simple Treasury certificates, and would be bought and sold in the market just as the old Treasury certificates were bought and sold during the war. A still more important aspect of the new bill and its operations is connected with the public credit and the support which has, for fifteen years, been given to the prices of Government bonds by the National banks which own, at this time, 385 millions of United States securities, of which, as we elsewhere show, 343 millions are held as security for circulation.

UNITED STATES BONDS HELD BY THE BANKS.

An interesting paper has just been prepared by Mr. Secretary Sherman, in answer to a resolution of the House of Representatives, showing the amount of interest paid in coin and currency to National banks from bonds held by the treasurer for the security and redemption of the currency issues of said banks, from 1863 to January 1st, 1878. The recapitulation shows the coin interest so paid to be $224,278,271.41; currency interest, $8,559,285.36; total, $252,837,556.77. This statement shows how completely the National banking system has answered one of the main objects for which it was established; namely, the providing of a market for United States securities where they would be firmly held and would not be liable, at every change or depression in our finances, to be pressed for sale so as to disturb the public credit. The following table shows the amount of interest paid to all the holders of public debts during the period covered by Secretary Sherman's statement. We also add to the figures, the chief sources from which the revenue for interest and other purposes was received by the treasury every year:

Year.	*Customs.*	*Internal Revenue.*	*Net Ordinary Receipts.*	*Loans and Treasury Notes.*	*Interest on Public Debt.*
1863	$69,059,642	$37,640,787	$112,094,945	$776,682,361	$24,729,700
1864	102,316,152	109,741,134	243,412,971	1,128,873,945	53,685,421
1865	84,928,260	209,464,215	322,031,158	1,472,224,740	77,395,090
1866	179,046,651	309,226,813	519,949,564	712,851,533	133,067,624
1867	176,417,810	266,027,537	462,846,679	640,426,910	143,781,591
1868	164,464,599	191,087,589	376,434,453	625,111,433	140,424,045
1869	180,048,426	158,356,460	357,188,256	238,678,081	130,694,242
1870	194,538,374	184,899,756	395,959,833	285,474,496	129,235,498
1871	206,270,408	143,098,153	374,431,104	268,768,523	125,576,565
1872	216,370,286	130,642,177	364,394,229	305,047,054	117,357,839
1873	188,089,522	113,729,314	322,177,673	214,931,017	104,750,688
1874	163,103,833	102,409,784	299,941,090	439,272,535	107,119,815
1875	157,167,722	110,007,493	284,020,771	387,971,556	103,093,544
1876	148,071,984	116,700,732	290,066,584	397,455,808	100,243,271
1877	130,956,493	118,630,407	281,000,642	348,871,749	97,124,511
	$2,360,850,170	$2,301,662,358	$5,005,949,960	$8,242,641,744	$1,588,279,452

It thus appears that, of the 1,588 millions paid for interest, about one-sixth was paid to the banks. In other words, the banks have held one-sixth of the public debt in such a way as to strengthen the market at home and abroad, and to prevent the possibility, under any circumstances, of this large proportion of our government securities being forced upon buyers for sale. As the enemies of our National banking system have completely lost sight of the success with which ever since its establishment, it has fulfilled this part of its functions, it may be of service just now to quote the very

words of Mr. Secretary Chase in recommending to Congress, in 1863, the establishment of our present National banks. The advantages which he specified were: First, a circulation of notes bearing a common impression and authenticated by a common authority; secondly, the redemption of these notes by the associations and institutions to which they may be delivered for issue; and, thirdly, the security of that redemption by the pledge of United States stocks, and an adequate provision of specie.

In the *Treasury Report* for 1861, page 19, Mr. Chase expounds these three advantages of the banking system as follows:—"In this plan the people, in their ordinary business, would find the advantages of uniformity in currency, of uniformity in security, of effectual safeguard, if effectual safeguard is possible, against depreciation, and of protection from losses in discounts and exchanges; while in the operations of the Government the people would find the further advantage of a large demand for Government securities, of increased facilities for obtaining the loans required by the war, and of some alleviation of the burdens on industry through a diminution in the rate of interest, or a participation in the profit of circulation, without risking the perils of a great money monopoly. A further and important advantage to the people may be reasonably expected in the increased security of the Union, springing from the common interest in its preservation, created by the distribution of its stocks to associations throughout the country, as the basis of their circulation. The Secretary entertains the opinion that if a credit circulation in any form be desirable, it is most desirable in this. The notes thus issued and secured would, in his judgment, form the safest currency which this country has ever enjoyed, while their receivability for all Government dues, except customs, would make them, wherever payable, of equal value, as a currency, in every part of the Union. The large amount of specie now in the United States, reaching a total of not less than two hundred and seventy-five millions of dollars, will easily support payments of duties in coin, while these payments and ordinary demands will aid in retaining this specie in the country, as a solid basis both of circulation and loans. The whole circulation of the country, except a limited amount of foreign coin, would, after the lapse of two or three years, bear the impress of the nation whether in coin or notes; while the amount of the latter, always easily ascertainable, and, of course, always generally known, would not be likely to be increased beyond the real wants of business. He expresses an opinion in favor of this plan with the greater confidence, because it has the advantage of recommendation from experience. It is not an untried theory. In the State of New York and in one or more of the other States it has been subjected, in its most essential parts, to the test of experiment, and has been found practicable and useful. The

probabilities of success will not be diminished but increased by its adoption under National sanction and for the whole country. It only remains to add that the plan is recommended by one other consideration, which, in the judgment of the Secretary, is entitled to much influence. It avoids almost, if not altogether, the evils of a great and sudden change in the currency, by offering inducements to solvent existing institutions to withdraw the circulation issued under State authority, and substitute that provided by the authority of the Union. Thus, through the voluntary action of the existing institutions, aided by wise legislation, the great transition from a currency heterogeneous, unequal and unsafe, to one uniform, equal and safe, may be speedily and almost imperceptibly accomplished."

The most inveterate foes of our National banks cannot possibly deny that these words read like a prophecy, and that the National banks, besides innumerable other advantages, many of which were not foreseen, have amply fulfilled the expectations of their friends in regard to making a market for Government bonds. To complete the evidence, we give the following table of the United States bonds now held as security for circulation. Of the bonds held for investment we have no record.

UNITED STATES BONDS HELD AS SECURITY FOR NATIONAL BANK NOTES, 1st NOVEMBER, 1877.

Class of Bonds.	*Rate of Interest.*	*Amount.*
Loan of February, 1861 (81's)	6 per cent.	$2,581,000
Loan of July and August, 1861 (81's)	6 per cent.	36,145,800
Loan of 1863 (81's)	6 per cent.	20,835,700
Five-twenties of 1865	6 per cent.	7,000
Consols of 1865	6 per cent.	4,792,150
Consols of 1867	6 per cent	7,824,900
Consols of 1868	6 per cent.	1,962,000
Ten-forties of 1864	5 per cent.	76,071,950
Funded loan of 1881	5 per cent.	124,018,550
Funded loan of 1891	4½ per cent.	45,089,700
Funded loan of 1907	4 per cent.	15,884,150
Pacific Railway bonds	6 per cent.	7,836,000
Total		$343,048,900

We learn from the report of the Comptroller of the Currency that in October, 1865, the total amount of bonds held for this purpose was $276,250,550, of which $199,397,950 was in six per cents., and $76,852,600 in five per cents. On October 1, 1870, the amount held was $342,833,850, of which only $95,942,550 were five per cents.; from which it appears that there has been, during the last seven years, an increase of $104,147,950 in the five per cents., and a decrease of $164,906,750 in the six per cent. bonds. During the two years ending November 1, 1877, there has been a decrease of $46,518,662 in six per cents., and of $38,955,700 in five per cent. bonds. On the other hand, in the same period $45,089,700 of four and one-half per cents., and $15,884,150 of four per cent. bonds, have been deposited, and the deposits of four per cents. are increasing.

CONGRESS AND THE INCOME TAX.

BY DR. GEO. MARSLAND.

Mr. Secretary Sherman, on the 14th February, called the attention of the House of Representatives to the fact that the internal revenue receipts are below the average and have yielded, during the last seven months, some five millions less than the estimates.

As those estimates allow twenty-six millions for the sinking fund, there will still be twenty-one millions for that fund, should the revenue of the remaining five months fail to compensate for the loss in the past seven months of the fiscal year. As, however, certain abatements in taxation are desirable, Mr. Tucker and Mr. Burchard are said to be in favor of a revival of the income tax in some modified form. The experience of Great Britain in the levying of the income tax is so much more extensive than that of the United States, that the mention of this impost almost always suggests to fiscal writers the example of England, and we have been requested to publish some facts on the subject.

We believe that the idea of the income tax was first borrowed from Holland. Soon after the accession of William the III, a proposition was made to impose a duty upon the yearly profits or income from property, according to an antiquated system which was then familiarly known to William and the Dutch Statesmen who had followed him to England. In England, the tax was first levied in 1689, at the rate of four shillings in the pound. In 1798, a war tax on incomes was imposed at the rate of ten per cent. on incomes of two hundred pounds and upwards, and at various rates on incomes between sixty pounds and two hundred pounds. At the close of the Napoleonic war in 1815, the tax was repealed. It yielded, during the eighteen years of its existence, an aggregate revenue of £177,532,229. During the seven years from 1809 to 1815 it produced to the exchequer an average of £14,000,000. No attempt was made to re-impose this tax until 1842, when Sir Robert Peel, who was then Chancellor of the Exchequer, proposed to revive the income tax on account of a deficit which, in the troubled state of British manufacturing industry, was creating some alarm, especially, as for a year or two, several other fiscal expedients had been adopted without the expected increase of revenue. The crisis was formidable. The operatives and the other less opulent classes could bear no heavier taxation. It was, therefore, inevitable that the wealth of the nation must bear the burden. Some new tax must be tried. After long discus-

sion, on the 22nd June, 1842, the income tax bill finally became a law. It is a mistake, however, to regard it simply as an income tax. It is a real estate tax also. But it differs from our American taxes on real estate in that it is not levied on capital. It is only chargeable on the profits arising from property, professions, trades and offices. And several circumstances have made this tax useful and timely.

The services the income tax has rendered to England are invaluable. Not the least of these is the amazing elasticity with which it has responded to the demand of war finance, or of any other extraordinary strain upon the government expenditure. To illustrate this we give the annual product of the income tax since it was first imposed:

REVENUE FROM THE BRITISH PROPERTY AND INCOME TAX.

Year ending March 31.	*Total Revenue.*	*Rate on £1 of Income.* — * *Small Incomes.*				† *Large Incomes.*			
1844	£5,388,000	0	pence =	0	per cent.	7	pence =	3	per cent.
1845	5,330,000	0	"	0	"	7	"	3	"
1846	5,183,000	0	"	0	"	7	"	3	"
1847	5,544,000	0	"	0	"	7	"	3	"
1848	5,613,000	0	"	0	"	7	"	3	"
1849	5,485,000	0	"	0	"	7	"	3	"
1850	5,565,000	0	"	0	"	7	"	3	"
1851	5,511,000	0	"	0	"	7	"	3	"
1852	5,440,000	0	"	0	"	7	"	3	"
1853	5,653,000	0	"	0	"	7	"	3	"
1854	5,730,000	5	"	2	"	7	"	3	"
1855	10,922,000	10	"	4⅛	"	14	"	6	"
1856	15,159,000	11½	"	4¾	"	16	"	6⅝	"
1857	16,051,000	11½	"	4¾	"	16	"	6⅝	"
1858	11,396,000	5	"	2	"	7	"	3	"
1859	6,610,000	5	"	2	"	5	"	2	"
1860	9,596,106	6½	"	2¾	"	9	"	3¾	"
1861	10,923,817	7	"	3	"	10	"	4⅛	"
1862	10,365,000	6	"	2½	"	9	"	3¾	"
1863	10,567,000	6	"	2½	"	9	"	3¾	"
1864	9,084,000	7	"	3	"	7	"	3	"
‡1865	7,958,000	6	"	2½	"	6	"	2½	"
‡1866	6,390,000	4	"	1⅝	"	4	"	1⅝	"
‡1867	5,700,000	4	"	1⅝	"	4	"	1⅝	"
‡1868	6,184,106	5	"	2	"	5	"	2	"
‡1869	8,623,508	6	"	2½	"	6	"	2½	"
‡1870	10,108,589	5	"	2	"	5	"	2	"
§1871	6,290,611	4	"	1⅝	"	4	"	1⅝	"
§1872	9,328,102	6	"	2½	"	6	"	2½	"
§1873	7,403,737	4	"	1⅝	"	4	"	1⅝	"
§1874	5,641,791	3	"	1¼	"	3	"	1¼	"
§1875	4,315,132	2	"	13/16	"	2	"	13/16	"
§1876	4,099,618	2	"	13/16	"	2	"	13/16	"
§1877	5,340,718	3	"	1¼	"	3	"	1¼	"

The usefulness of the income tax and its adaptation to the special peculiarities of the British fiscal system are now generally conceded. As has been said by one of its critics, "thirty-five years of experience has proved the income tax to be at once the most uniform, unfailing, expansive, and the most responsive to control, of all the fiscal expedients ever contrived by British sagacity and skill." The tax in 1842 was at first imposed for three years only, but again

* £100 a year and under £150. † £150 a year and upwards.
‡ Abatement of £60 on incomes under £200. § Abatement of £80 on incomes under £300.

and again has it been renewed, because no substitute of equal efficacy was found. It has been attacked by a host of enemies. Select committees of the House of Commons investigated and reported upon it in 1851, 1852, and 1861. Yet it has survived till now, and though far from popular, use has caused it to be borne with more equanimity, especially as it exempts the turbulent and dangerous classes, and presses most on the intelligent and superior orders of society who have something to lose. Moreover, it was no small advantage that for eleven years no change had to be made either in the rate or incidence of the tax. Soon after the imposition of this tax the gold discoveries of California and Australia gave a new impulse to the productive forces of the civilized world. In England, the rapid development of the railroads, telegraphs, mills, manufactories and furnaces expanded British trade, found work for millions of idle operatives, and stimulated the previously sluggish growth in wealth. The hungry, discontented masses of England were quieted, well fed and set to remunerative labor. The repeal of the corn laws, and the yearly additions to the international supply of the precious metals,—all these movements, each one containing the germ of a great financial revolution, acted with conspicuous force on the interior condition of Great Britain, and postponed indefinitely that upheaval and convulsion which some, both of her friends and enemies, were confidently expecting. When these reviving causes had well operated came the Crimean War. In 1854, and the three following years the taxes had to be increased, especially the income tax, which yielded for four years twice as much as before. The tax was extended so as to cover smaller incomes, and in 1857 the highest point was reached, when England's share was £13,574,000, Scotland's £1,276,000, and Ireland's £1,181,000. The respective wealth of the three members of the British empire appear from this to be distributed in the ratio of eighty-five per cent to England, eight per cent. to Scotland, and seven per cent. to Ireland.

Such a fiscal basis for comparison of the respective wealth of different peoples must fail, however, and be almost useless, when the conditions of the taxation are not the same in each case. Forgetting this, some persons have attempted to compare our relative wealth with that of the English, by means of the product of the income tax.

It would be very interesting if we could argue from the premises thus laid down. But this is next to impossible for several reasons. For instance, we have always allowed heavy exemptions from the income tax. First $1,000 and, by the recent law, $2,000 of annual income was wholly exempted to every taxpayer, but in England every taxable person was obliged to pay the tax on his whole income without deduction; and every man was taxable who had a yearly income

of 750 dollars from any source whatever. This harsh regulation was not softened till 1863, when one of our principles of exemption was partly adopted; and since that time persons with less than $1,000 dollars a year had an abatement made to them in respect to $300, which sum they enjoyed untaxed.

This was the first concession made under the income tax in England, where our formidable list of exemptions was regarded with surprise that anything taxable is left. In their system, for example, no deduction was made for taxes paid during the year, nor for the actual rent of a homestead. On the contrary, there is a special provision in the law (Sec. 167) that no owner occupying his own house shall claim exemption from tax until to his report of income from other sources has been added the full annual value of the house he occupies, together with one-half of this value in England and one-third in Scotland. In other words, he is assessed, first as a real estate *owner* on the full value under schedule A, as it is called; and secondly, as *occupier* of his house he is assessed on the half of its value under schedule B. To make this apparent duplication clear, we must understand that the British income tax is assessed, as with us, by means of printed forms. These papers divide the taxpayer's liability under five heads. The first is Schedule A, which charges the owners of real estate with five pence in the pound on the annual value. Secondly, Schedule B charges the occupier of real estate (whether his own or not,) with 2½ pence on the annual value of the house and land he occupies. Thirdly, Schedule C applies only to income from the public funds or Government securities, Schedule D and E correspond to our income tax. The former exacts five-pence in the pound on the annual profits and gains from property, trades and professions; the latter charges the same rate of duty on the salaries of Government officers and on all pensions paid out of the public revenue.

Summing up the facts, and without entering more minutely into details, we find that the income tax underwent nineteen alterations from the time it was established in 1843 till the year 1876. As the foregoing table shows, the tax, on its introduction, was fixed at seven pence in the pound, which rate was maintained until 1854, when it was doubled in consequence of the war with Russia, and in 1855 it was further raised to sixteen pence. The rate was reduced again to seven pence in 1857, and to five pence in 1858. In 1859 it was raised to nine pence, and in 1860 to ten pence, while in 1861, it was again reduced to nine pence, in 1863 to seven pence, in 1864 to six pence, and in 1865 to four pence. In 1867 the duty was raised to five pence, in 1868 to six pence, and in 1869 reduced to five pence. In 1870, it fell to four pence, and in 1871 it advanced to six pence,

in 1872 it again fell to four pence, in 1873 to three pence and in 1874 to two pence in the pound. In 1876 it was again raised to three pence in the pound, but it was limited to incomes of over 150 pounds per annum, with deductions of 120 pounds for all incomes between 150 pounds and 400 pounds. To show how these deductions in the income tax compare with the reductions of other taxes, we give the subjoined table of the fifteen years ending March, 1876:

AMOUNT OF REDUCTIONS IN BRITISH TAXATION, 1861–1876.

	Repealed or reduced.	*Imposed.*	*Actual Diminution.*
Customs	£14,542,840	£26,034	£14,516,806
Excise	2,705,000	1,875,000	830,000
Property and Income Tax	17,828,000	5,950,000	11.878,000
Other Taxes	1,271,983	—	1,271,983
Stamps, including Succession Duty	2,421,400	80,500	2,340,900
Total	£38,769,223	£7,931,534	£30,837,689

The subjoined table compares the amount yielded by the income tax, with that of other sources of British revenue:

BRITISH REVENUE FROM INCOME TAX AND OTHER FISCAL SOURCES, 1868–1877.

	1868.	1869.	1870.	1871.	1872.
	£	£	£	£	£
1 Income Tax	6,184,166	8,623,508	10,108,589	6,290,611	9,328,102
2 Customs	22,664,981	22,422,472	21,449,843	20,238,880	20,243,044
3 Excise	21,481,868	21,713,727	23,100,294	23,339,374	23,386,064
4 House Duty, Inhabited	1,068,773	1,131,349	1,674,067	1,129,125	1,265,614
5 Land Tax	1,092,696	1,117,570	1,627,883	1,090,620	1,086,568
6 Post Office	4,558,962	4,553,581	4,671,230	4,917,098	4,941,510
7 " Telegraph Service	—	—	100,761	697,934	751,610
8 Stamps	9,475,177	9,241,450	9,288,553	8.979,729	9,739,548
9 Crown Land	449,252	446,174	447,723	446,152	446,801
10 Miscellaneous	2,586,218	3,355,992	3,205.253	3,229,220	4,060,315
	69,562,093	72,605,823	75,674,196	70,358,743	75,249,176

	1873.	1874.	1875.	1876.	1877.
	£	£	£	£	£
1 Income Tax	7,403,737	5,641,791	4,315,132	4,099,618	5,340,718
2 Customs	21,032,332	20,323,324	19,349,280	20,341,503	20,044,263
3 Excise	25,904,450	27,115,970	27,254,132	28,299,819	28,408,052
4 House Duty, Inhabited	1,243,087	1,252,465	1,380,769	1,421,515	1,460,462
5 Land Tax	1,095,946	1,071,991	1,078,363	1,109,289	1,084,890
6 Post Office	5,212,145	5,481,297	5,705,432	5,730,508	6,021,267
7 " Telegraph Service	978,066	1,057,824	1,123,794	1,597,422	1,607,050
8 Stamps	9,998,033	10,497,607	10,547,729	11,265,091	11,126,494
9 Crown Lands	458,903	463,241	469,090	479,675	488,294
10 Miscellaneous	3,796,770	3,882,657	3,762,674	4,291,603	4,517,561
	77,123,469	76,788,167	74,986,395	78,636,043	80,099,051

To complete and give utility to the foregoing brief narration, we add a sketch of our American experience with the income tax. As to the revenue from income tax it amounted in 1863, to \$2,741,857; in 1864, \$20,294,733; in 1865, \$32,050,017; in 1866, \$72,982,160; in 1867, \$66,014,429; in 1868, \$41,455,599; in 1869, \$34,791,857; in 1870, \$37,775,872; in 1871, \$19,162,652; in 1872, \$14,436,861; in 1873, \$5,062,312; and from 1874 to 1877, a period of four

years, it amounted to $140,391. The first law imposing an income tax in the United States was passed by Congress, July 1st, 1862. It assessed all incomes over $600 and under $10,000 at the rate of three per cent., and on all over $10,000 it levied five per cent. From various causes it did not yield much revenue till 1864, when fifteen millions were collected from this source. By the Act of March 3d, 1865, the income tax was advanced from three per cent. to five per cent., and the five per cent. tax on incomes over $10,000 was changed to ten per cent. upon the excess over $5,000 income, the exemption of $600 remaining the same. Most of the tax for the year 1865 was collected under a former law, and brought into the Treasury $21,000,000 for the fiscal year 1865. In the following year, the war having ceased, and the trade of the country being prosperous, the revenue from the income tax rose to its highest level and amounted to $60,547,882.43. This was diminished in the following year, in which the net revenue from the income tax was $57,040,640.67. The income tax law was further amended, March 2, 1867, so as to increase the exemption from $600 to $1,000. At the same time the discrimination as to the taxing of large incomes at a higher rate was repealed, and the tax was fixed at five per cent. on all incomes in excess of $1,000. The Act also provided that the tax on incomes should be levied and collected until, and including, the year 1870 and no longer. Under this modified law the revenue collected in the year 1868 was $32,027,610.78; in 1869, $25,025,068.86; and in 1870, $27,115,046.11. Before the impending expiration of the income tax by limitation of law, the tax was renewed for one year only, by Act of July 14th, 1870, the rate at the same time being reduced to 2½ per cent. The exemption was increased to $2,000 so that nobody paid the tax for the year 1870–71 except persons whose incomes exceeded $2,000 per annum. In the Senate, January 26th, 1871, a bill to repeal in effect the income tax passed by the close vote of twenty-six to twenty-five. After some dispute as to the right of the Senate to originate a bill abolishing the income tax, while the constitutional provision declares that all bills for raising revenue must originate in the House of Representatives, the controversy was finally compromised, and the House on the 9th February, 1871, came to a vote on the question of taking up the Senate bill to repeal the income tax, when the yeas were 104 and the nays 105. On the last day of the session, March 3d, 1871, the House, without taking the yeas and nays, concurred in the report of a Committee of Conference which reported in favor of the Senate bill, and thus was the income tax law finally repealed. In favor of its re-imposition at present various arguments are urged. One of the most important is that the present Internal Revenue taxes are levied very unequally upon the several States; hence, it is

contended that the unequal pressure of these taxes requires some compensatory expedient, and that the income tax presents just such a fiscal expedient as is required. To throw some light on this argument we compile the subjoined table of the revenue yielded by internal taxation for several years past, from each of the several States, and from each section of the country:

U. S. INTERNAL REVENUE RECEIPTS, 1873–1877.

[FISCAL YEAR ENDING JUNE 30.]

	1873.	1874.	1875.	1876.	1877.
EASTERN STATES.	$	$	$	$	$
Maine	214,696	128,089	107,473	90,656	79,621
New Hampshire	325,455	248,679	299,390	260,261	234,999
Vermont	75,860	56,317	58,582	47,125	50,093
Massachusetts	3,761,005	2,792,303	2,708,014	2,752,216	2,668,727
Rhode Island	324,552	233,165	231,978	222,673	233,165
Connecticut	873,985	580,379	627,718	658,115	661,420
MIDDLE STATES.					
New York	19,219,505	15,182,363	15,238,882	14,616,724	14,452,179
New Jersey	2,567,442	1,725,627	2,363,469	3,779,940	4,987,961
Pennsylvania	7,826,276	6,373,672	6,157,960	5,973,432	6,279,046
Delaware	429,393	357,654	360,331	417,593	470,175
Maryland	2,653,802	2,351,107	2,760,737	2,570,579	2,705,246
Dist. of Columbia	133,425	115,574	112,227	114,599	26,018
SOUTHERN STATES.					
Virginia	7,343,799	6,308,665	7,660,921	7,314,394	7,932,221
West Virginia	449,662	516,119	508,868	430,978	461,031
North Carolina	1,408,322	1,485,731	1,630,424	1,671,138	1,775,848
South Carolina	167,214	108,584	122,278	105,804	105,633
Georgia	477,960	384,623	388,227	362,726	278,279
Florida	158,142	133,675	184,778	174,258	165,891
Alabama	152,493	135,793	115,689	109,341	108,010
Mississippi	128,079	107,619	96,989	85,165	78,683
Louisiana	1,339,607	982,465	606,264	529,788	626,440
Texas	272,326	272,638	258,297	245,709	237,949
Arkansas	88,861	68,877	75,377	68,201	85,850
Kentucky	5,456,628	6,950,279	9,025,588	7,705,593	9,534,425
Tennessee	644,481	664,717	861,645	596,714	897,182
WESTERN STATES.					
Ohio	14,851,309	14,985,411	14,662,720	16,587,909	15,474,690
Indiana	5,678,053	4,823,496	4,653,789	5,579,126	6,037,220
Illinois	16,493,169	15,419,721	17,634,627	23,730,694	21,870,203
Michigan	2,205,721	1,788,080	1,931,285	2,066,164	1,821,882
Wisconsin	1,881,821	2,369,564	2,722,077	3,308,770	2,867,440
Iowa	1,012,997	933,261	1,040,218	1,212,618	1,810,400
Minnesota	231,405	227,356	228,862	248,776	239,462
Missouri	4,259,320	4,325,486	4,594,875	2,981,942	4,460,063
Kansas	161,470	149,758	133,686	150,604	139,763
Nebraska	242,962	276,387	292,472	502,398	602,743
Oregon	73,544	46,773	47,930	49,573	53,100
California	2,367,911	2,481,841	2,988,033	3,095,040	2,749,594
Colorado	75,740	64,855	70,532	72,669	75,775
Utah	40,786	41,684	31,890	33,332	28,438
New Mexico	23,238	18,418	22,066	22,162	17,711
Wyoming	10,653	11,233	11,942	15,063	15,204
Idaho	19,276	18,832	19,136	16,994	16,562
Dakota	7,597	11,944	10,040	12,156	22,396
Montana	24,018	29,028	23,666	20,983	20,730
Western Territory	15,699	17,999	21,147	20,411	21,373
Nevada	72,305	52,549	58,803	67,923	58,312
Int. Rev. Receipts	106,255,519	96,368,422	103,771,723	110,718,683	112,544,657
Stamps	7,702,377	6,136,845	6,557,230	6,518,488	6,450,429
Miscellaneous	117,542	139,472	216,260	588	98
Total Receipts	114,075,838	102,644,749	110,546,876	117,237,770	118,995,184

An interesting statement was compiled some time ago by Mr. Tucker, in which he showed that if we examine the internal revenue returns and compare the sums levied in each State, we shall find that, as at present adjusted, the taxes fall much more heavily upon the South and West. In illustration, Mr. Tucker gave an analysis of the internal revenue returns for 1875. He shows that whether we compare the sums collected in that year with the relative population or with the assessed valuation of real and personal property, we shall find that the Southern and Western States pay more, and the Northern States less, than their equitable share. He says: "The Northeastern States, including Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut, paid $ 4,000,000 to internal revenue in 1875; but in proportion to population should have paid $ 9,250,000, and according to wealth nearly $ 14,000,000. The Middle States—New York, New Jersey, Pennsylvania and Delaware—paid $ 24,000,000. Their contribution according to population would have been the same amount, but their proportion according to wealth would have been $ 38,500,000. The Northwestern States and the Territories, including Ohio, Indiana, Illinois, Michigan, Wisconsin, Iowa, Minnesota, Kansas, Nebraska, Montana, Dakota, Colorado, Arizona, Idaho, Utah and Wyoming, paid $ 43,500,000. Their proportionate share according to population would have been only $ 30,333,333, and according to wealth only $ 27,500,000. The Southern Middle States, including Maryland, Virginia, West Virginia, North Carolina, Kentucky and Missouri, paid $ 26,000,000, but their proportion according to population would have been only $ 17,750,000, and according to wealth only $ 11,500,000. The cotton States, including South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas and Tennessee, paid $ 2,250,000, but their proportion according to population would have been $ 19,500,000, but according to wealth $ 17,000,000. The Pacific States paid over $ 3,000,000, but according to population should have paid less than $ 2,000,000, and according to wealth less than $ 2,250,000.

Commissioner Raum's last internal revenue report just presented to Congress states the total receipts from internal revenue for the year 1875 at $ 110,545,154, of which six and a half millions were for stamps, and $ 103,771,664 were from spirits, tobacco and other articles mentioned in the table given below. As the receipts from each State are separately set down for the various years, we have extended the tables so as to comprise the receipts of several years, and exhibit the movement since the panic of 1873. To show the sources from which the internal revenue taxes are derived, we give the following figures from the Treasury reports for the same period:

SOURCES OF INTERNAL REVENUE, 1873–1877.

SOURCES.	1873. $	1874. $	1875. $	1876. $	1877. $
Spirits	52,099,371 78	49,444,089 85	52,081,991 12	56,426,365 13	57,469,429 72
Tobacco	34,386,303 09	33,242,875 62	37,303,461 88	39,795,339 91	41,106,546 92
Fermented liq.	9,324,937 81	9,304,679 72	9,144,004 41	9,571,280 66	9,480,789 17
B'ks & bankers.	3,771,031 46	3,387,160 67	4,097,248 12	4,006,698 03	3,829,729 33
Penalties, &c.	461,653 06	364,216 34	281,107 61	409,284 48	419,999 41
Adhesive stamps	7,702,376 85	6,136,844 64	6,557,229 65	6,518,487 51	6,450,429 15
Back taxes und'r repealed laws.	6,329,782 00	764,880 14	1,080,111 44	509,631 09	238,260 55
	114,075,456 08	102,644,746 98	110,545,154 23	117,237,086 81	118,995,184 25

SAVINGS BANKS AT HOME AND ABROAD.

The deposits of the Savings banks in Europe amount altogether to about 1180 millions of dollars. Those of the United States to 866 millions. Most of the older writers on savings banks suppose that they were first established in England. Of the recent authorities, Mr. Scratchley ascribes their origin to Switzerland or Germany, while M. Alphonse de Candolle says that Savings banks were founded at Hamburg, in 1778; at Berne, in 1787; at Basle, in 1792; at Geneva, in 1794; at Tottenham, England in 1798. Another recent authority, Herr Ehrenberger, states that a Savings bank was in existence in Brunswick in 1765. Outside of our own country the most noteworthy part of the history of Savings banks is connected with Great Britain, where, as early as the year 1817, Savings banks had become recognized institutions, and were organized under a general law. This was the Act 37 Geo. III, Cap. 105, entitled "An Act to encourage the establishment of banks for savings in Ireland," and Cap. 130, for the like purpose in England. Within a year afterwards 500 banks were opened in the United Kingdom, and the influence of the movement gradually extended to France, Germany, Denmark and Italy.

As the Savings bank system grew in England, further powers were granted under different acts of Parliament, and in 1861 the legislation was completed by the passing of the Post Office Savings Bank Act. We see from the official reports of 1860 that at that time the Savings bank deposits invested with the National Debt Commissioners at rates of interest varying from $4\frac{9}{16}$ to $3\frac{1}{4}$ per cent., amounted to $206,295,725, and represented 1,585,778 depositors.

A copy of the Postal Savings Bank Act will be found on page 718 of this issue. This bill was passed on the 17th May, 1861, and its preamble states that it was intended to "afford additional facilities for depositing small savings at

interest, with the security of the Government for due re-payment thereof." The London *Times* in commenting on this bill said, "The country will recognize at once the universal boon of a bank maintained at the public expense, secured by the public responsibility, with the whole empire for its capital, with a branch in every town, open at almost all hours, and, more than all, giving a fair amount of interest." These predictions have been amply fulfilled. During 1876 there were 188 new offices opened for Savings bank business; 153 in England and Wales; 23 in Scotland, and 12 in Ireland.

The proportion of depositors to population is now 1 to 19 in the United Kingdom; or 1 to about 15 in England and Wales, 1 to about 71 in Scotland, and 1 to about 87 in Ireland. Subjoined is a table showing the progress of the Savings banks in England for several years:

DEPOSITS OF BRITISH SAVINGS BANKS 1863–1876.

	Post-Office Banks.	*Ordinary Savings Banks.*	*Total Ordinary and Post-Office Savings Banks.*
1863	$ 16,884,140	$ 204,757,525	$ 221,641,665
1864	24,965,620	197,601,680	222,567,300
1865	32,632,000	193,726,490	226,358,490
1866	40,605,875	181,910,580	222,516,455
1867	48,749,645	182,666,015	231,415,660
1868	58,333,275	184,337,285	242,670,560
1869	67,621,045	187,768,730	255,389,775
1870	75,495,520	189,792,745	265,288,265
1871	85,125,020	194,098,315	279,223,335
1872	99,591,695	200,441,740	297,033,435
1873	105,838,745	202,500,675	308,339,420
1874	115,787,345	207,529,745	323,317,090
1875	125,936,725	212,038,845	337,945,570
1876	134,982,750	216,417,850	351,400,600

It will be seen that a notable revolution has been made in the Savings bank system of Great Britain by the Postal Savings Bank Act. In 1860, 638 old banks were in existence, while now the number is only 466, showing a decrease of 172; the number of depositors was 1,585,778, and is now 1,493,401, showing a decrease of 92,377, while the accumulated deposits up to November, 1876, was $ 216,415,725, or $ 10,120,000 in excess of the aggregate in 1860. Doubtless this result is attributable to the accumulation of interest, as it is probable that many depositors of long standing do not disturb their accounts, being reluctant to forego the higher rate of interest which the old banks give, as compared with that allowed in the Post Office Savings banks. As already stated the old Savings banks deposit their funds with Government, and the rate of interest allowed them by the Treasury is at the rate of 3¼ per cent. The Post Office banks also deposit their money with Government, and are allowed interest at the rate of 2½ per cent. Thus there is ¾ per cent. more earned by the old banks on their money, and on the average about half of this excess is paid by the old banks to their depositors, thus giving them a slight advantage.

In England we believe the annual limit of deposits is $500; in France, it is $200; in Belgium, $600; in Denmark, there is no limit; In Prussia, it varies from $18 to $750, and in some institutions there is no limit; in Switzerland, it varies from a very small sum to $2,000; and in Austria from $200 to $6,000.

Next to the Savings banks of Great Britain, those of France claim attention. As we have heretofore explained, the revival of the French Savings banks was largely due to M. Malarce, an eminent statistical writer, who obtained information on behalf of the French Government, after the war in 1870. M. de Malarce again visited England in 1875, and made a thorough investigation of the working and administration of the Savings bank system. Soon after his return to Paris, a bill for the introduction of a similar system into France, was brought before the National Assembly by the Minister of Finance. After an exciting debate of three days, the bill was withdrawn, partly in consequence of the opposition of the friends of the old Savings banks, and partly from political reasons as the question had begun to assume a party aspect. Nevertheless, the Assembly resolved almost unanimously that the Post Offices and the Revenue Offices should be placed at the disposal of the old Savings banks for the receipt and payment of deposits. The success of the plan was encouraging. In August, 1876, 300 French Post Offices were open for Savings bank business. It is supposed that eventually the Post Office Savings bank system will be adopted in France. The *Economiste Français* says that penny banks have, up to December, 1876, been introduced into 53 out of the 82 departments of France, and have been established in 3,200 schools, and no fewer than 230,000 scholars having deposited in excess of their total limit, their accounts have been transferred to ordinary Savings banks. In 1870 the total amount of deposits in French Savings banks had, after fifty years, risen to $144,000,000. After the war the amount fell to $103,000,000; but it has since increased, at first slowly, and in the last two years with extraordinary rapidity, having reached $107,000,000 in 1873, and $114,600,000 in 1874; while at the present time it is stated to be no less than $160,000,000. . . . This remarkable growth which is still going on this year, is probably due to the progress of France in productive power, which has facilitated the extraordinary success, in the last three years, of the penny and school Savings banks, organized by the efforts of M. Auguste de Malarce.

In Italy, an Act of Parliament establishing Post Office Savings banks on a principle almost identical with our own, and including "gross transactions," that is to say, the power to deposit or withdraw at any office open for Savings bank business, was passed on the 9th December,

1875, and on the 29th February, 1876, there were 631 offices opened throughout the Kingdom. The promoter of the bill, Signor Sella, ex-Minister of Finance, has also recently established an Association, or league, *La Lega Del Risparmio*, for the encouragement of habits of thrift among the laboring classes, the idea of which is to induce employers of labor to present to persons in their service, wishing to become depositors, a deposit book in which the sum of one franc has already been entered. Within four months of the formation of this society 30,536 operatives had availed themselves of the inducement thus held out to them, 13,693 being men, and 16,843 women.

In Belgium, the National Savings bank has, since 1870, by permission of the Government, employed the Post Offices for the purpose of receiving deposits, and has adopted many of the features of our own system. In Belgium, as in France, there has been a rapid increase in the use of Savings banks, greatly attributable to the development of school banks. In 1871, the Austrian Government obtained full information respecting the Post Office Savings banks, and adopted the system almost in its entirety. In 1873, the directors of the National bank at Pesth, were furnished with information to aid them in introducing a system of Post Office Savings banks into Hungary.

In the autumn of 1875, the Netherland Government had under consideration the feasibility of establishing a system in Holland similar to that of Great Britain, but it was decided that, under existing circumstances, such a step would be inexpedient; and an Act similar to that of France, came into force in May, 1876, when 1,255 Post Offices were placed at the disposal of 49 private Savings banks of that country.

In Germany, the Postal Receiving houses are now allowed to be used for Savings bank business. In Norway, Sweden, Brazil, and elsewhere, the Postal Savings bank scheme has been, or is, under discussion.

The Swiss Savings banks are not very likely to adopt the Post Office scheme. They hold $57,600,000, the average deposit per head of the population being $17, while in England the average is $10.53, in Austria, $8.80, and in all Europe, $5.60. But in Switzerland the masses of the people are shut out from other investments for their frugal savings, so that necessity sends them to the Savings bank, while the inhabitants of France and other countries have various investments constantly offering new temptations to attract their capital and savings.

In many Swiss villages and towns thriving Savings banks have been established by joint-action of the Government and of the depositors. The State guarantees the safety of the deposits. Very small sums are received. Depositors have to bind themselves to pay in a fixed sum per week. The mini-

mum is nineteen cents. The maximum is $10. This payment must be continued for three years. After the deposits amount to $1, interest is paid upon it at the rate of 4½ per cent. Depositors are entitled to loans, equal to seventy-five per cent. of the sums to their credit. They pay six per cent. interest. Some of the banks oblige the borrowers to repay them by one-tenth every month. They also loan capital to co-operative associations, the business being under the control of the bank until the advances are repaid. In the Canton of Vaud co-operative societies have been organized by the agency of two of these banks among tailors, tin-workers, printers, painters and plasterers. At the end of three years a depositor receives the sum to his credit, with the interest that has accumulated during that time, and a proportionate share of the profits of the bank. He may then, if he chooses, reinvest it in $20 shares, which bear interest at 4½ per cent. and entitle him to a larger proportion of the profits than he received before he became a stockholding depositor. The first of these Government banks was founded in 1865.

For some of the foregoing facts we have been indebted to an interesting article in the *British Quarterly Review* for January, 1878, to which we refer our readers for further information. It is to be regretted that the European writers on Savings banks have paid so little attention to this country. Our Savings bank experience in the United States is rich in facts of suggestive importance. We have also the advantage that our statistics are easily accessible and are both authentic and complete. Subjoined is a review of the progress of our Savings banks from 1874 to 1877 as reported by the Comptroller of the Currency in his last report.

RESOURCES AND LIABILITIES OF SAVINGS BANKS, 1874–77.

RESOURCES.	1873–74. — *Banks.*	1874–75. 674 *Banks.*	1875–76. 686 *Banks.*	1876–77. 675 *Banks.*
Loans on real estate......	$315,288,088	$351,336,551	$373,501,243	$369,770,878
Loans on personal and collateral security.........	168,308,332	181,143,206	164,024,477	114,474,163
United States bonds......	66,414,629	83,206,272	108,162,624	115,389,880
State, municipal and other stocks and bonds.......	148,456,231	161,334,436	169,801,399	114,116,602
Railroad bonds and stocks	17,981,807	20,690,901	23,992,313	24,586,503
Bank stock	29,545,071	30,508,752	33,267,494	34,571,531
Real estate	11,378,364	14,136,748	15,540,384	21,037,426
Other investments........	8,780,263	11,354,781	20,730,050	18,135,673
Expenses.................	931,959	1,248,688	866,013	1,029,238
Due from banks..........	18,431,846	23,378,937	23,011,142	23,522,572
Cash....................	15,715,134	17,858,182	18,456,405	16,160,096
Totals..............	$801,231,724	$896,197,454	$951,353,544	$922,794,562
LIABILITIES.				
Deposits.................	759,946,632	849,581,633	891,459,890	866,498,452
Surplus fund.	12,590,196	16,499,565	51,321,033	43,835,885
Undivided profits	26,623,850	29,072,493	5,497,503	9,200,778
Other liabilities..........	2,071,046	1,043,763	3,075,118	3,259,447
Totals..............	$801,231,724	$896,197,454	$951,353,544	$922,794,562

Of late Mr. Sherman and others have often suggested that we might with advantage adopt the Post Office Savings bank arrangements as above described. But there are two objections. A very brief examination of the British system will suffice to show how unpromising, under our methods of Post Office management, the project must inevitably be. The total Savings bank deposits of Great Britain amount to 367 millions of dollars. Of this sum over one-third is deposited in the Post Office Savings banks, and less than two-thirds in the ordinary Savings banks. It is too evident to need proof that even if our Post Office were organized like that of Great Britain we should meet grave dangers in adopting the Post Office Savings bank system, and that we could scarcely hope for sufficient guarantees against fraud and loss. But secondly, under existing circumstances the plan is both needless and impracticable. Our present Savings bank methods have worked extremely well, upon the whole. They have grown up with the country. They have had a more rapid development than the Savings banks of any other country except Great Britain, and they have the advantage of complete adaptation to the popular institutions and habits of which they are the outgrowth. Hence, in the United States we neither require the Post Office Savings bank system, nor do we possess the facilities for carrying it on if we had it. The following table gives the statement of Mr. Comptroller Knox as to the number of depositors and the average amount due to each person:

TABLE, BY STATES, OF THE DEPOSITS OF SAVINGS BANKS, 1875–77.

	1875–76.			1876–77.		
States.	*No. of Depositors.*	*Amount of Deposits.*	*Average to Depositor.*	*No. of Depositors.*	*Amount of Deposits.*	*Average to Depositor.*
Maine	101,376	$32,083,314	$316 00	90,621	$26,662,150	$294 21
New Hampshire	100,191	31,198,064	326 01	98,683	30,963,047	313 76
Vermont	25,060	6,653,540	265 50	*25,671	6,815,829	265 50
Massachusetts	720,639	234,974,691	326 06	739,289	243,340,643	329 15
Rhode Island	101,635	51,311,331	504 85	99,865	50,542,272	506 10
Connecticut	208,030	76,489,310	367 69	203,514	78,524,172	385 84
New York	859,738	319,260,202	371 00	861,603	319,716,864	371 07
New Jersey	*93,000	32,450,313	348 92	*84,026	29,318,543	348 92
Pennsylvania	*64,000	16,627,820	259 79	*67,660	17,577,468	259 79
Maryland	*49,000	19,077,026	389 34	*50,197	19,543,967	389 34
Ohio	—	—	—	26,037	10,041,726	385 67
Indiana	—	—	—	*5,548	1,986,025	358 00
California	91,933	72,569,103	789 36	*42,600	31,185,600	732 05
Totals	2,414,602	$892,694,714	$369 69	2,395,314	$866,218,306	$361 63

In a short time the Savings bank reports for the present year will be presented to our readers, and will enable us to continue the discussion of the subject from other points of view.

* Estimated.

THE BELGIAN MONETARY DOCUMENTS.*

BY GEORGE WALKER.

[SECOND PAPER. SEE BANKER'S MAGAZINE, DECEMBER, 1877.]

The period covered by M. Malou's Second Series of Monetary Documents, is from December, 1873, to August, 1876.

The FIRST PART relates to Holland, and contains a Report of the discussions in the Second Chamber of the States General, made by a Committee of Reporters to the Finance Minister, on the 11th day of December, 1873, on the proposed law relative to the monetary system. This paper resumes the monetary legislation of Holland at the point where it was left by the Report of the Finance Minister (Van Delden), in October, 1873. (See BANKER'S MAGAZINE for December, 1877, page 423.)

The general tone of the debate reported in this paper, was hostile to the substitution of the gold for the silver, or double standard. Following the report is a series of questions addressed by the Commission to the Government relative to the grounds of the proposed change in the monetary system. The Finance Minister sent a reply to these questions on the 9th of January, 1874. In it he sought to defend two conclusions; (1) that the fall in silver is likely to be permanent; and (2) that the time had come for Holland to act definitively upon that fact, and decree its demonetization. The remainder of the Minister's reply relates only to matters of detail.

The Commission of Reporters, under date of January 30, 1874, responded that they were not satisfied with the reasons thus assigned by the Government for wishing to establish the gold standard; and thought that the question had been less ably presented than in other countries, especially in Belgium.

THE SECOND PART contains the minutes of proceedings of the Monetary Conference held at Paris, in January, 1874, by the States of the Latin Union (Belgium, France, Italy and Switzerland).

In this conference Belgium was represented by M. Jacobs, a former minister, and a member of the Representative Chamber, and by M. Bounder de Melsbroeck, Councillor of the Belgian Legation at Paris. France was represented by M. Dumas, a former Minister, and Permanent Secretary of the

* Documents Relatifs à la Question Monétaire; Recueillis et Publiés en Fascicules, par M. J. Malou, Ministre des Finances. Deuxieme Série. Bruxelles, F. Hayez, Imprimeur de L'Académie Royale de Belgique, 1876. Folio, pp. 669. (12 Fascicules.)

Academy of Sciences; by M. de Parieu, a former Minister and Member of the Institute; by the Baron de Soubeyran, a Deputy of the National Assembly, and by M. Dutilleue Director of the General Movement of Funds at the Ministry of Finance. Italy was represented by M. Magliani, a Senator and Councillor of the Court of Accounts (now Minister of Finance, 1878), and by M. Ressman, First Secretary of the Italian Legation at Paris. Switzerland was represented by M. Feer-Herzog, Vice-President of the National Council, and by M. Lardy, Charge d'Affaires, *ad interim*, of Switzerland, at Paris.

M. Dumas presided over the Conference, and M. de Parieu was Vice-President. There were ten sittings, beginning with the 8th of January and ending with the 31st. This was the first Conference held by the Signatories of the Monetary Treaty of 1865. (See BANKER'S MAGAZINE, December, 1877, p. 423). With a view to giving direction to the discussions, a series of questions was drawn up, of which the first three and most important, were as follows: (1.) What are the causes of the existing depreciation of silver, and what its probable duration? (2.) What are the embarrassments growing out of that depreciation, both in respect of the circulation, and the coinage of the States of the Union? (3.) Can remedies be devised for these embarrassments?

The proceedings of the Conference show that Belgium, France and Italy were opposed to abolishing the double standard, believing the fall of silver to be only temporary. The Swiss delegates, on the other hand, went for the gold standard. It was, however, unanimously agreed that during the progress of demonetization in Germany and Scandinavia, a limit ought to be placed upon the coinage of silver in the States of the Union. The only advocates of the gold standard were M. Feer-Herzog and M. de Parieu; while the cause of the double standard was ably defended by the Baron de Soubeyran, M. Dutilleue and M. Jacobs. M. Magliani represented that the Italian Government was unwilling to abandon the use of silver, especially until specie payments were resumed, and while the reserve of the National banks was so largely of silver. The arguments of M. Feer-Herzog was very ably presented, and he has, throughout the whole monetary discussion, held rank only second to that of M. de Parieu as an advocate of the gold standard. He detailed at length the speculations in silver which had been carried on in Switzerland since its depreciation, whereby a large portion of the gold twenty-franc pieces circulating in the country had been exported and sold for silver bullion; which was sent to the mints and coined into five-franc pieces, making a profit of 3½ per cent.

The result of this Conference was the adoption of an additional convention between the Signatory powers, under

which the coinage of five-franc pieces in 1874 was limited to 120,000,000 francs, namely: for Belgium to 12,000,000; for France to 60,000,000; for Italy to 40,000,000, (in addition to 20,000,000 francs exceptionally conceded to the Italian banks for the conversion of bullion into coin); and for Switzerland 8,000,000. The Conference agreed to meet again in 1875.

The THIRD PART relates to Germany, and contains the following documents:

(1.) An Explanatory Note.

(2.) First memorial as to the execution of the law of December 4, 1871, relating to the fabrication of gold coins of the Empire (May 4, 1872).

(3.) Second memorial on the same subject (April 5, 1873).

(4.) Third memorial as to the execution of the Monetary Legislation (March 20, 1874).

(5.) Public Notice (*avis*) relative to the demonetization of the gold money of the several German States, and of foreign gold coins assimilated to them under local laws (December 6, 1873).

(6.) Law of April 30, 1874, relating to the issue of Imperial Treasury notes (*billets de caisse de d'Empire*).

The explanatory note states that the three memorials form the complement of the documents relating to the new monetary legislation of Germany, contained in the 3d and 6th parts of the former series (see BANKER'S MAGAZINE, December, 1877, pp. 424 and 430). There are eight mints in the German Empire; at Berlin, Hanover, Frankfort, Munich, Dresden, Stuttgard, Carlsruhe, and Darmstadt. Up to March 7, 1874, these mints had produced 1,021,093,950 marks of gold ($255,273,490), of which 52½ per cent., or $132,865,400, had been coined from French gold, and 34½ per cent., or $87,200,000 from bullion, the material for the rest being from miscellaneous sources.* In this paper there is also an extract from a speech of Herr Camphausen, the Finance Minister, delivered before the Reichstag, April 18, 1874, in which he sought to dispel the fears of foreign nations, that the new monetary legislation of Germany would involve the export and sale of a large amount of silver.

The three memorials give exact details of the progress made from year to year, in the new coinage; the number and monetary value of each of the coins struck at each of the eight mints, and the sources from which the raw material had been derived. Much the largest element entering into these coins was, as appears above, French gold money, chiefly received in payment of the indemnity.

The fifth document is a public announcement that after April 1, 1874, all gold coins issued by the several States of

*The amount of new gold coined in Germany up to the 5th of January, 1878, was 1,549,267,980 marks, or $387,316,995. See London *Economist*, January 19, 1878, p. 67.

the Empire, prior to the Act of December, 1871, would cease to be legal tender, except at the bureaus of the Treasury authorized to retire them from circulation. The same restriction was also placed on the use of foreign gold coins, to which the legal-tender function had previously been given.

The sixth paper gives the text of the law of April 30, 1874, relative to the issue of government paper money. It provided for an emission of 120 millions of marks, ($24,000,000) in denominations of five, twenty, and fifty marks ($1.25, $5.00, and $12.50) to be divided among the several States, according to population. Each State was required to retire, prior to July 1, 1875, all paper money put into circulation by itself; and after January 1, 1876, such money was not to be a legal tender except at the public offices which issued it. Certain additional amounts of this Imperial paper money were authorized to be advanced to States whose previous paper circulation had exceeded the new quota assigned to them; but such additions were to be retired within fifteen years. The Imperial circulation authorized by this law was not to be a legal tender between individuals, but was receivable at all public offices, and to be redeemed in specie at the Central Imperial Treasury.

THE FOURTH PART relates to the countries of the Latin Union, and contains the following documents in reference to the execution of the additional treaty entered into by those countries in January, 1874. (See part two, *ante*) namely:

(1.) Belgium. *A.* Law of December 18, 1873, authorizing the limitation or suspension of the coinage of silver five franc pieces. *B.* Report Explanatory of the same. *C.* Report of a Special Committee of the Representative Chamber on the same. *D.* Report of the Finance Committee of the Senate upon the same.

(2.) France. *A.* Accompanying Report and Bill confirming the Treaty of January 31, 1874. *B.* Report made by Special Commission to the National Assembly upon the same.

(3.) Italy. *A.* Accompanying Report and Bill, authorizing the approval of the Treaty of January 31, 1874. *B.* Report on the same, made to the Chamber of Deputies. *C.* Report on the same, made to the Senate.

Our limited space will not allow us to do justice to the contents of these documents. Two or three observations made in them are, however, worthy of being produced, as shewing the views of the several governments in agreeing to put restrictions on the coinage of silver. In the Report of the Belgian Finance Minister, M. Malou, (*B.*) we find this expression. "Limited to a short period, this exceptional measure does not imply any change of system, *nor even a tendency towards* such a change."

In the Report of the French Commission (which includes among its members De Soubeyran, Wolowski, Courcelle, Pouyer-Quertier, and Bonnet) are the following declarations: "It is asked whether the limitation put upon the coinage of silver, even with the temporary character impressed on it by the additional treaty, and in spite of all the official declarations to the contrary, does not constitute an assault upon the principles of the double standard, and whether it will not be interpreted as the first step towards the demonetization of silver?" The answer is, that "to an occurrence affecting silver, wholly irregular and accidental" (the demonetization by Germany), "we have opposed a measure equally temporary and exceptional with the circumstance which has provoked it, and which, according to the declaration of our delegates in the conference, far from assailing the basis of our monetary system, or indicating any tendency towards a change of that character, has, on the contrary, for its object the maintenance of that system intact, and the not allowing the normal conditions on which it rests to be disturbed. It is in the light of that declaration, in which your Commission fully concurs, that it approves and unanimously recommends for your ratification the additional treaty of January 31, 1874."

In the Report to the Italian Chamber of Deputies (*B.*), (probably made by the Finance Minister then in office, Signor Minghetti), there is the following passage: "However much the inconveniences which it is the purpose of the additional treaty to remedy, may, in theory, be considered as the consequence of the double standard system, maintained by the Treaty of 1865, the peculiar situation in which Italy finds herself, owing to the continued suspension of specie payments, *makes it our duty to resist every proposition which tends to diminish the instruments of metallic circulation, whether by the demonetization of silver, or by the limitation of the legal tender capacity, as now established, of our divisionary coins.*" In reviewing the causes which have led to the fall in silver, the writer of the Report says that there is abundant reason for considering them exceptional and transient, and such as should be met by temporary exceptional legislation. One of the influences to which he looks for a restoration of the normal price of silver, is "*resumption of specie payments which must take place sooner or later among nations now under the régime of a forced paper currency.*"

In the Report made to the Chamber of Deputies by a commission of its own body (*C.*), we find the following: "To endeavor to provide an abundance of metallic money, whether gold or silver, in our market, so long as the suspension of specie payments continues, has seemed to be the supreme object which the government ought to keep in view in its legislation on the monetary question. *This perfectly legitimate purpose has met the approval of the entire Commission.*"

The Commission, however, expresses the conviction that to make the retention of silver of any practical value to Italy, silver money must continue to enjoy its functions in the monetary systems of money countries, and that an attempt to retain it as a domestic currency only, would only isolate the country from the general economic movements of the rest of the civilized world.

The only opposition to the sentiment of Belgium, France, and Italy, as indicated in the foregoing extracts in favor of the double standard, came from the Swiss delegates to the Conference, who were instructed by the Federal Council to advocate the adoption of the gold standard. But it is a very important fact, as bearing upon the national sentiment of Switzerland, that the Report made by a Commission of the Council of States (the Swiss Senate) does not concur in the opinion of the Federal Council, but regards "a permanent depreciation of silver, such as seems to be anticipated, as impossible."

We have given larger space to this series of papers than to any which have preceded it, because of the anxiety of the people of the United States, at the present moment, to know the precise attitude of the countries of the Latin Union on the maintenance or abandonment of the double standard. As we shall not, in this article, be able to reach the proceedings of the Conference of January, 1875 and 1876 (*post* parts 7 and 10), it is proper here to say, that the attitude of the several countries of the Latin Union remained, during those conferences, and so far as we have been able to ascertain, still remains, unchanged. No meeting of the Union was held in January, 1877, nor is to be held this year, and the extension just proposed to the French Chambers, by M. Léon Say, the Finance Minister, of the law suspending the coinage of silver to March 31, 1879, shows clearly that the French Government has no present intention of abandoning the double standard, to which measure M. Léon Say is understood to be personally opposed. This conclusion is strengthened by the announced intention of the Bank of France to put into circulation silver to the amount of one hundred millions of dollars, retiring an equal amount of its notes of the smaller denominations.

THE FIFTH PART relates to Holland, and contains a Bill presented to the Second Chamber of the States General, October 9, 1874, relative to limiting the coinage of silver. The Bill is preceded by an Explanatory Report (*Exposé des Motifs*), and is followed by a Provisional Report made by a Commission of the Second Chamber, and by a Reply to the same by the Finance Minister (Van der Heim), both relating to the same subject.

The Bill authorized the King to limit or suspend the coinage of silver, except for account of the State, until Jan-

uary 1, 1876. The only portion of the accompanying papers which contains anything of general interest on the monetary question is the Reply of the Finance Minister, in which he incidentally discusses the eventualities which may affect the future price of silver. These he represents to be: (1), the possibility that Germany may not be able to maintain the gold standard, and may retrace her steps; and (2), *that France, the United States, and Russia, on resuming specie payments, may resume the coinage of silver;* (3), that Asia may, in consequence of the decline in the value of silver, absorb more of that metal, and thus help to restore the nominal price; (4), that the quantity to be unloaded by Germany may prove to be less than at first estimated. The Dutch Government was sufficiently impressed with the probable influence of the 2d, 3d, and 4th contingencies as to think it inexpedient to renew its recommendation to adopt the gold standard, in the face of a recent rejection of that measure in the Chambers. [The anticipated effect of the fall of silver in the Asiatic absorption of that metal, has been signally realized. While the average price of silver in 1875 was 55⅞*d.*, the total shipments of silver to the East from Europe and America, were only $26,220,000. In 1876, with silver at an average of 52¾*d.*, the shipments amounted to $66,030,000, and in 1877, although the average price had risen to 54 13/16*d.*, so strong had the Eastward current become, that the shipments reached $101,950,000. See *Economist*, January 19, 1878.]

THE SIXTH PART relates to England, the United States, and Germany, and contains: (1.) The English Coinage Act of April 4, 1870. (2.) The United States Coinage Act of February 12, 1873. (3.) The German Banking Law of March 14, 1873.

The English Coinage Act of 1870, is an important statute. It consolidated and amended all the existing laws relating to coinage and to the Royal Mint. In an appendix is a list of twenty-two statutes, from the reign of Anne to the 29th and 30th Victoria, repealed by the new law.

The United States Coinage Act of 1873 is too familiar to the readers of the BANKER'S MAGAZINE to need any analysis in this connection. It is, however, deserving of notice, in view of the reiterated assertion of certain parties in the United States, that silver was remonetized in a secret and surreptitious manner, that the passage of this Act was known and publicly commented on at the time, in respect to that very feature, (the demonetization of silver) in every important country of Europe. The Dutch Commission of 1873 (*ante* part 1), assigned the passage of that Act as one of the reasons for recommending the demonetization of silver in Holland. A very long and exhaustive article upon it from the pen of Mr. Hendricks, a well-known statistician of London, appeared in the *Economist* of May 3, 1873.

At the Belgian Monetary Conference of October, 1873 (BANKER'S MAGAZINE, December, 1877, p. 430), the United States Coinage Act of 1873 was incidentally referred to, and M. Allard, Director of the Mint, alluded to the probability of its being restored when this country resumed specie payments, and used this remarkable language: "If America resumes its silver coinage, do you suppose that the silver of Germany would suffice to furnish the material? Evidently not. The silver of Germany would be only enough for token money; *it would be no more than a breakfast for America.*" The fact of the adoption of the gold standard was also mentioned in the Conference of the Latin Union, at Paris, in 1874 (*ante* part 2). There are several other similar references to the demonetization of silver by the United States, in the Documents now under review, but the citations already made render any further proof of its general publicity in Europe, unnecessary.

The German Banking Law of 1873 is too long and too important to be fully analyzed in the space admissible in this article. A few of its leading provisions only will be noted. The right to issue bank notes cannot be acquired or extended beyond the limit fixed when the law was passed, unless by an Imperial statute. The law creates a Central Imperial Bank at Berlin, with the right to establish any number of branches; it also recognizes as existing, thirty-two other banks in different parts of the Empire. The limit of circulation of the Imperial Bank, uncovered by specie, is 250 millions of marks ($62,500,000), and that of the thirty-two other banks, 185 millions ($46,250,000), being a total of 385 millions of marks ($108,750,000). A tax of five per cent. is imposed upon any bank notes issued in excess of those limitations added to the metallic reserve. The reserve is, however, to include not only German metallic money, and gold bullion and foreign gold coins at the rate of 1,392 marks per pound of fine gold, but also Treasury bonds, and notes of other German banks. All banks are required to have not less than one-third of the amount of their circulating notes, in such reserve, and two-thirds in bills of exchange under discount, and having not more than three months to run, and with three, *or at least two*, signatures. [This is much less conservative than the Louisiana Bank Act of 1842, which required the specie reserve to be one-third of all immediate liabilities to the public—that is, circulation *and deposits* (See BANKER'S MAGAZINE, November, 1877), and as it seems to us, than the original National Banking Law of the United States.]

STATE TAXATION OF OUR BANKS.

While efforts are making to relieve the banks of the Federal taxation which now presses so heavily on them, it is not forgotten that the State taxation is also, in New York and other States, both oppressive and unequal. In illustration, the American Bankers' Association have published a multitude of facts, from which we compile the following table in regard to the City of Troy. If necessary, we shall hereafter give similar facts in regard to other cities:

TAXATION, CAPITAL, SURPLUS AND DIVIDEND, OF THE TROY BANK.

Banks.	*Capital, Jan. 1, 1878.*	*Surplus, Dec. 28, 1877.*	*State tax, 1877.*	*U. S. tax, 1877.*	*Dividend on Capital.*	*Dividend on Capital and Surplus.*	*Deposits, Dec 28, 1877.*
	$	$	$	$		$	$
First National.	300,000	135,259 02	12,481 20	3,443 04	8 per ct.	5 51-100	336,606 53
Union.........	300,000	98,621 61	12,477 24	4,542 54	8 "	6 3-100	426,719 75
Mer. & Mech..	300,000	22,504 46	11,163 90	4,562 76	6½ "	6 4-100	550,127 62
Central.......	300,000	46,948 92	10,202 42	3,961 03	6½ "	5 62-100	448,220 36
United........	240,000	72,029 31	10,093 88	3,988 53	6 "	3 87-100	467,719 96
State....	250,000	108,356 92	10,434 77	9,151 32	6½ "	4 53-100	1,482,591 31
Mutual	250,000	80,915 02	9,960 50	3,809 10	8 "	5 90-100	407,476 57
Manufacturers.	150,000	164,416 73	7,768 00	8,359 75	11 "	5 25-100	1,351,964 40
Troy City.....	300,000	29,756 17	10,857 18	5,824 00	6½ "	5 94-100	656,966 69
	2,390,000	758,808 16	95,436 09	47,642 07			6,128,393 19

These banks have a capital of $2,390,000, and they are assessed for State taxation at $1,836,849. The Troy *Whig*, of 14th February, in commenting on this statement says, very truly, that—

"If the assessors complied with the law they would assess the stock at its full market value, but as they admit that all other property in the city is assessed at one-third of its value, they unjustly and unlawfully assess bank shares at more than seventy per cent. of their market value.

"The banks in 1877 were taxed as follows:—One per cent. on circulation; Half per cent. on deposits; Half per cent. on capital, not invested in United States bonds, $47,642.07. City, County and State taxes for 1877, $95,436.09; Total, $143,078.16. This sum is 5 98-100 per cent. on the capital, or almost six per cent. In addition to the taxation, the expenses and losses may be averaged on all the banks of the city as follows:—Expenses for 1877, $108,000.00; Losses for 1877, $35,850.00; Total, $143,850.00. The taxes, expenses and losses for the year were $286,928.16. This sum is about twelve per cent. on the capital. It must all be earned and paid before the banks can declare and pay a dividend.

"The United States tax on deposits is flagrantly unjust and oppressive. It is levied not on the property of the banks, but on their indebtedness. The money on deposit belongs to the depositors. By our State laws the whole $6,128,393.19 on deposit in the banks is personal property liable to taxation, and, subject to the deduction of their indebtedness, should all be assessed to the individual depositors. This is double taxation. No bank in Troy was able to earn in 1877 a dividend on its capital and surplus, of seven per cent; only two, more than six per cent. For three years past the nine banks have reported a surplus as follows:—December 17, 1875, $878,626.73; December 22, 1876, $826,074.03; December, 28, 1877, $758,808.16. In three years

the surplus has diminished $119,818.57. The dividends have fallen off more than one per cent. since 1875. The surplus of seven of the banks is less than in 1875, and the other two have increased theirs less than ten thousand dollars. After deducting expenses and losses the earnings of 1877 did not pay the dividends, and the surplus had to be drawn upon, and diminished, to satisfy stockholders. During the last three years the capital of the United National bank has been decreased $60,000; of the Troy city, $200,000; and the National Exchange has gone into voluntary liquidation. Here is a loss to the city of $360,000 of its taxable property. If our citizens wish to continue the banks in existence, as a help to business, and as a convenience for deposits and discounts, they must hereafter constrain the assessors to assess the shares of banks at the same rate as other property."

Two remedies have been proposed for this evil, which is more or less troublesome in nearly every State in the Union. First it has been proposed to ask Congress to pass a law declaring bank shares entitled to all the privileges and exemptions which personal property is entitled to in the assessment rolls for State taxation. Secondly, it is proposed to meet the trouble by State legislation. In Illinois, and some other States, efforts have been made to pass a law in the State legislatures, which should correct the evil of over assessment. For several years past similar efforts have been made in our legislature at Albany. On page 731 of this Magazine, will be found a copy of the Act which was introduced for this purpose in the Senate, by Mr. Pomeroy. It has been favorably reported by the Committee, who recommend its passage. It is hoped that this measure will be enacted into a law.

THE BANK OF AUSTRIA.

It is said that, during the last year, Austria has profited by the war between Turkey and Russia, in that a new market has been created for the agricultural and other products of Austria, and a general stimulus has thus been given to trade throughout the country. Among the evidences cited in confirmation of this improvement is the movements of the banks, which shew considerable profits on the business of the year, though the volume of the bank circulation and of the general bank transactions is not so large as in previous years. The report of the Austrian National Bank has lately been published for 1877. The gross profits of the year were $4,921,049, and the expenses $1,356,920. The net income for 1877 amounts to $3,564,178. The greater part of the earnings were from discounts, viz.: $2,565,887. From the loans the earnings were $889,889. The mortgage business of the year amounted to $595,237. The net revenues are to be distributed as follows: five per cent. interest dividend to be paid upon the capital, amounting to $45,000,000, in 150,000 shares. This interest dividend amounts to

$2,500,000. Besides this, an extra dividend is to be paid, amounting to $1,276,272. This will average about $23.50 per share, or 7.833 per cent., against $22.50, or 7.5 per cent. in 1876. The reserve funds of the banks at the close of 1877 amounted to $9,000,000, having increased by $140,000 during the year. The coin and bullion had increased $422,952 at the close of 1877, as compared with the same period of 1876. The circulation of bank notes diminished by $6,821,080. The total amount of paper currency including State notes and bank notes, is $310,000,000. The discounts of the year amounted to a total of $3,231,000,000, the losses in this part of the business amount to but $37,680, of which $19,823 were lost in Hungarian branch offices. The loans decreased by $377,500. The mortgage business increased by about $1,250,000. For the year 1876 the transactions of the bank amounted to $3,880,770,000, of which $3,224,210,000 were at the chief office at Vienna, and $656,560,000 at the branches. The condition of the bank at present compares as follows, with the earlier reports, in millions of dollars:

	Dec. 29, '75.	*Mar. 28, '76.*	*June 28, '76.*	*Dec. 27, '76.*	*Feb. 14, '77.*	*Jan. 16, '77.*
Coin and bullion	$67.30	$68.29	$68.30	$68.30	$68.30	$68.72
Discounts and loans	75.27	64.26	66.57	78.48	70.56	65.70
Circulation	143.99	135.86	136.97	144.08	142.22	137.82

THE BALANCE OF TRADE.

Many of the antiquated notions as to the method in which a favorable balance of trade benefits a nation have long ceased to command the respect of the age in which we live. Yet it is certain that those benefits admit of being explained and analyzed in accordance with the principles and discoveries of modern science. It is our pleasing task to report the subjoined figures as representing our foreign commerce for the last two years. It will be seen that, in 1876 the balance of trade was in our favor to the extent of $185,202,605, and in 1877 to the extent of $164,684,272:

IMPORTS FROM FOREIGN COUNTRIES.

	1877.	1876.	*Decrease.*	*p. c.*	*Increase.*	*p. c.*
Merchandise	$480,224,876	$427,347,165	—	—	$52,877,711	12.4
Coin and bullion	23,676,298	34,471,334	$10,795,036	31.3	—	—
Total value Im.	$503,901,174	$461,818,499	—		$42,082,675	9.1

EXPORTS TO FOREIGN COUNTRIES.

	1877.	1876.	*Decrease.*	*p. c.*	*Increase.*	*p. c.*
Dom. produce	$607,532,228	$575,735,804	—	—	$31,796,424	5.5
For. merchandise	12,735,994	14,930,825	$2,194,831	14.7	—	—
Tot. merchandise	$620,268,222	$590,666,629	—	—	$29,601,593	5.0
Coin and bullion	48,317,224	56,354,475	$8,037,251	14.3	—	—
Tot. val. of Ex.	$668,585,446	$647,021,104	—		$21,564,342	3.3

BALANCE—EXCESS OF EXPORTS OVER IMPORTS.

	1877.	1876.	*Decrease.*	*p. c.*	*Increase.*	*p. c.*
Merchandise.....	$ 140,043,346	$ 163,319,464	$ 23,276,118	14.3	——	—
Coin and bullion	24,640,926	21,883,141	——	—	$ 2,757,785	12.6
Total Exp's over Imports......	$ 164,684,272	$ 185,202,605	$ 20,518,333	11.1	——	—

To show how notable is the change above reported in the movements and results of our foreign commerce, we give the following table of the aggregates for previous years:

BALANCE OF TRADE, 1856–1875.

	Merchandise.			*Specie.*		
Year.	*Imports.*	*Exports.*	*Excess.*	*Imports.*	*Exports.*	*Excess.*
	$	$	$	$	$	$
1856	310,432,310	281,219,423	Im. 29,212,887	4,207,632	58,929,651	Ex. 41,537,853
1857	348,428,342	293,823,760	Im. 54,604,582	2,460,799	74,995,399	Ex. 56,675,123
1858	263,338,654	272,011,274	Ex. 8,672,620	19,274,496	63,067,487	Ex. 33,358,651
1859	331,333,341	292,901,051	Im. 38,432,290	7,434,789	72,012,276	Ex. 56,453,622
1860	353,616,119	333,576,057	Im. 20,040,062	8,550,135	66,546,239	Ex. 57,996,104
1861	289,310,542	219,553,833	Im. 69,756,709	46,339,611	29,791,080	Im. 16,548,531
1862	189,356,677	190,670,501	Ex. 1,313,824	16,415,052	36,887,640	Ex. 19,972,588
1863	243,335,845	203,964,997	Im. 39,370,818	9,584,105	64,156,611	Ex. 56,571,956
1864	316,447,283	158,887,988	Im. 157,559,295	13,115,612	105,396,541	Ex. 92,280,929
1865	238,745,580	162,013.500	Im. 76,732,082	9,810,072	67,643,226	Ex. 57,833,154
1866	434,812,066	348,850,522	Im. 85,952,544	10,700,092	86,044,071	Ex. 75,343,979
1867	395,763,100	297,303,653	Im. 98,459,447	22,070,475	60,868,372	Ex. 38,797,897
1868	357,436,440	281,952.899	Im. 75,483,541	14,188,368	93,784,102	Ex. 79,595,734
1869	417,506,379	286,117,697	Im. 131,388,682	19,807,876	57,138,380	Ex. 37,330,504
1870	435,958,408	392,771,768	Im. 43,186,640	26,419,179	58,155,666	Ex. 31,736,486
1871	520,223,684	442,820,178	Im. 77,493,506	21,270,024	98,441,988	Ex. 77,171,964
1872	626,595,077	444,177,586	Im. 182,417,491	13,743,689	79,877,534	Ex. 66,133,845
1873	642,136,210	522,479,317	Im. 119,656,288	21,480,937	84,608,574	Ex. 63,127,637
1874	567,406,342	586,283,040	Ex. 18,876,698	28,454,906	56,630,405	Ex. 38,175,499
1875	533,005,436	513,441,711	Im. 19,563,715	20,900,717	92,132,142	Ex. 71,231,425

THE FUTURE PRICE OF SILVER.

Speculations regarding the price of silver during the experiment of remonetization in this country are interesting, although, perhaps, embracing more unknown factors than will be found inherent to the question of the future price of any other great commodity.

Even in regard to the demand for silver, we have the variable factor of the export to India. In 1877, India took about fifty millions of dollars of silver more than the whole production of the world.

We give a summary, showing the production and consumption for 1877, of gold and silver, as a basis of an opinion as to the future price of silver:

The entire production of gold for 1877...............................		$ 100,000,000
" " " silver " 1877...............................		80,000,000
		$ 180,000,000
The exports of silver to India for the year 1877..........	$ 115,000,000	
Estimated loss of silver in the Arts and from abrasion of coins..	42,000,000	
Estimated loss of gold in the Arts and from abrasion of coins and export to India........................	25,000,000	
		$ 182,000,000

The apparent decrease in the stock of silver coin during 1877 is, therefore, seventy-seven millions of dollars, and of gold and silver together is two millions of dollars during 1877.

The fact of an actual decrease, during the year 1877, in the gold and silver coin, and bullion of the civilized world, is contrary to the general idea, and is worthy of attentive consideration, when we realize that prices of all commodities are based on the stock of gold and silver money, and directly affected by the addition or dimunition of this stock. In the summary we have given, the amounts stated as representing the loss of gold and silver from abrasion of coins and use in the Arts, are below the estimates of the best authorities—Ernst Seyd, for instance—and does not include the loss from hoarding in Europe or this country. The amount of this loss is large, but, like the insensible wear of the human frame, it is unnoticed.

We believe the fact is beyond question however, no matter how much authorities may differ as to the exact causes of the annual diminution, that there was an actual decrease in the stock of gold and silver coin and bullion in the civilized world during the year 1877. Will not, therefore, the new demand for silver following remonetization by this country materially affect the price this year? Perhaps some indication of the views of bullion dealers abroad may be found in the speculation of silver which may be observed in a late return of the Bank of France, showing a large increase in the item "advances on bullion," this increase in two weeks amounts to over two millions of dollars. The Bank of France advances money to 80 per cent. of the market value of the bullion, at as low a rate as one per cent. per annum interest, apparently desirous of attracting to France silver bullion owned by individuals.

THE BANK OF FRANCE AND THE TAXES ON ITS NOTE CIRCULATION.—The *Economiste Français*, in lately remarking on the need which is felt in France for a diminution in the weight of taxation which presses on that country, mentions the fact that under present circumstances, with the rate of taxation so high and the rate of discount so low as it now is, it does not answer to the Bank of France to issue its own notes. The Bank of France is undoubtedly right in the course it takes in issuing coin instead. The public does not like this, as it finds that it is very inconvenient to have to use a metallic currency, when the more portable form of paper would be greatly preferable; but the Bank of France finds that there is, and has been for some time, no profit in issuing notes on which a tax of 1½ per cent. is imposed when it can hardly obtain more than this sum for its discounts. There are, besides, all the expenses which are incident on a paper circulation to be considered, and, in consequence, the Bank of France prefers to circulate gold, because gold coins are subject to no tax. Should the market value of money remain the same, and the tax also continue unaltered, it is quite possible that a distinct diminution in the circulation of the Bank of France may take place.

POWER OF LAW OVER THE VALUE OF THE PRECIOUS METALS.

GEO. R. GIBSON.

It is unnecessary to rehearse the physical properties peculiar to gold and silver which so eminently fit them for use as money. These merits early obtruded themselves upon mankind, and for centuries their dual use has been a fixed fact. They are commodities selected to measure the value of all other commodities, but, as such, are subject in a minimum degree to the infirmity, incident to all commodities, of a variable supply. So long as they are retained to perform their present functions, the defect of an increased or diminished supply can never be overcome, and the only way by which the variation of their mutual relationship can be remedied is, as the writer believes, by an international ratio.

There is a school of economists—if the character of their teachings entitle them to the dignity of the name—who think that these objections may be obviated by an ideal standard expressed in paper money. Upon this idea, M. Cernuschi makes the following admirable observations: "When you have paper money you are never sure of the quantity of money to be issued. A country may be imprudent and be liable to great danger in the issue of paper money. It may be at the mercy of a possibly bad administration. *The issue of gold and silver is a natural and automatic issue which no one can control.* It is independent of human agency, and it is for that reason that gold and silver are adopted by more than one country. Metallic money is issued by nature, and, that being a fact, it can be international money."

The value of the precious metals is derived almost exclusively from their use as money, their value for use in the arts being too trifling to invest them with any special worth. We sometimes talk loosely about the intrinsic value of gold and silver, as though it was irrevocable. The fact is, that the law which endows a bit of metal with a value equal to the average labor requisite to its production, is not immutable as is that which clothes with value a bushel of wheat or a pound of meat. In the former case, man, by free volition, may substitute another agent to perform his exchanges and measure his values, but the value of the latter is in response to a powerful law of his nature which cannot be reversed. This merely indicates the freedom of action left to man in the choice of a monetary tool, which is all that money is, and, aside from historical facts, justifies the statement that,

under certain influences which may be exercised upon the human mind, the value of gold and silver might be seriously impaired, if not almost entirely destroyed.

It is highly improbable and unreasonable that any influence will be strong enough to cause both metals to be abandoned, but since, during the last quarter of a century, both gold and silver have in turn been under the ban of public opinion, the thought is suggested that one of the two may be in such danger. The greatly augmented supply of gold consequent upon the Australian and Californian discoveries excited grave alarm and general distrust on the continent of Europe.

De Quincey and his adherents in England, and Chevalier and his school in France, argued that this influx of gold would so "glut" the market, as to cause a general derangement of values, impair all obligations, and finally, unfit this metal for money. Holland had already, in 1847, demonetized gold, Belgium followed in 1850, and the German States in 1857, in instituting a sole silver standard. The tax-gatherers of India, according to the authority of Geo. M. Weston, an interesting financial writer, were prohibited from receiving gold. Russia, Austria, Spain and the Scandinavian States were silver-using countries, as well as France and the United States which were under a double standard. As these facts attest, silver was at this time in general favor throughout Europe, and gold was regarded with the same degree of suspicion which now attaches to silver. England had a sole gold standard, and that country together with France and the United States, absorbed the increased gold supplies. The United States, which in 1834, undervalued silver, drove it abroad, and though nominally a double-standard country saw little else but gold. France, which Chevalier urged to demonetize gold, though nominally a double standard country up to 1850 had little else but silver. The gold production reversed this fact and to-day the heavy reserves of the Bank of France are said to consist of five francs of gold to two of silver. The promised evils of this plethora of gold did not appear; it infused a new stimulus into the channels of trade, and was there swallowed up. There was some advance in prices in Europe at that time, but the best authorities trace the chief cause of that to an unusual emission of paper money.

Writing in 1859, McCulloch, who appreciated the variability in the supply of the two metals, so accurately cast the horoscope of the future that his remarks are worth quoting. Said he: "We should not, indeed, be at all surprised if in the course of some twenty years or less a cry should be set up in regard to the fall of silver as compared with gold, and that the governments of such countries as may have a silver standard should be called upon to abandon it for one of gold."

During the last few years we have seen a realization of this prophecy. An increased supply of silver from the Comstock lode, much magnified and distorted by those who did not understand that 45 per cent. of the Bonanza's yield was gold, coupled with a diminished demand for India export, reversed the current of public opinion which had hitherto favored silver, caused a panic in the market and a rush to demonetize it.

In 1861 Belgium returned to a double standard, in 1873 the German Empire, the Scandinavian States and the United States demonetized silver; in 1874 the Latin Monetary Union limited its coinage; and in 1875 Holland interdicted its coinage save on government account. Added to all this, Russia, Austria and Italy, silver-standard countries, had expelled their silver by the substitution of a depreciated paper currency.

In the face of all the adverse circumstances, and this persistent crusade, it is amazing that silver has sustained itself so well; indeed estimates show that during the last three quarters of a century the gold production has fluctuated 4,000 per cent., whilst silver has varied only 300 per cent.! The comparison or rather contrast of the events of the past twenty-five years point several "morals."

It shows that it is unsafe to predicate any perpetual rule upon the events of a few years which are likely to prove ephemeral and phenomenal; and that it is rash to take legislative action upon such hasty generalizations. But the most startling fact suggested is that the value of the metals primarily rests upon the consent and whims of mankind as eppressed through law, and not upon physical qualities or inherent vitality. It shows a surprising readiness never before manifested to reverse the customs of centuries which were presumed to be firmly imbedded in nations and individuals.

Had Germany, which precipitated this decline, cautiously awaited for a few years the course of events, it is reasonable to suppose that the increased production of silver would have been distributed with as little financial disturbance as that occasioned by the influx of California and Australia gold in the decade of 1850–1860.

It may be asserted as an incontrovertible fact that *legislation, and not over-production, has been the ruling cause of the positive and relative decline of silver.* The action of governments responding to a common impulse of fear or a mistaken fiscal policy, has caused this general incertitude of monetary standards, and has undoubtedly done far more to disturb all commercial relations than the assumed over-supply of silver possibly could have done had it taken its natural course in the absence of legislation. It was much easier to blunder into this muddle than it will be to get out of it, and as far as can be judged no one nation is competent to clear it up. The first country which authorizes an *unrestricted* coinage of

legal-tender silver will travel a dangerous road. It is difficult to see how any one could honestly have supported the Bland silver bill unless he were unable to discern the logical relation between cause and effect. The worst features of the bill have, however, been remedied by the Senate amendments, providing that the coinage be on Government account, and limited to not exceeding $4,000,000 per month. Before this can exercise any very general influence upon our finances, it is to be hoped foreign nations will consent to the International Conference asked for in Section 3 of the amended bill, and an international ratio be agreed upon. An international double standard, and a double standard in a single isolated nation are radically different. There is no disguising the fact that the so-called "Debtor class" in the Mississippi Valley are anxious to lighten the burden of debt by any measure which appears to promote such "relief." That spirit was manifested last spring in the great and rich state of Illinois, where a bill declaring subsidiary silver a full legal-tender actually passed both houses by a sweeping majority. The wise and courageous veto by Governor Shelby M. Cullom alone saved Illinios from the stigma of so incomprehensible a piece of legislation. If the United States, or any other single nation, were to adopt a double standard, and were to ascertain and fix the the legal ratios between the two metals, in exact conformity to the market value, any fluctuation in the supply would destroy this co-relationship and cause the dearer of the two metals to be exported. A double standard in the case of individual nations is, therefore, more properly an "alternate standard."

This question is an international one. The act of each individual nation has a direct bearing upon the domestic and financial relation of every country in the great family of nations; it interests all alike and is peculiar to none Undoubtedly it is difficult to secure joint international action, but the magnitude of the interests involved, and the adequate power capable of being thus exercised, place it far within the bounds of feasibility, the more so as England's Indian possessions use silver, as Germany's population is still attached to it, and as the United States and the States of the Latin Union have long recognized it.

The writer does not wish to be dogmatic, and appreciates the fact that his opinion is not everywhere accepted, but reason seems to indicate plainly that an international compact of all leading commercial countries, can fix an irrevocable ratio between the two metals, and once and forever settle this vexed and menacing question. In other words, such action would render identical in fixed proportion, the legal and market value of the two metals. The reason is not difficult to give.

We have seen that the precious metals are precious, almost solely, by reason of their use as money, and any curtailment or increase of that use correspondingly depreciates or appreciates their value. The value of either metal is determined by any general legislative movement, as is witnessed in the fall in silver produced by recent adverse legislation. Suppose an international convention established the legal ratio that one ounce of gold is the equivalent of 15½ ounces of silver. In that case, fancy a holder of 15½ ounces silver bullion in San Francisco, who complains that it cost him more labor than an ounce of gold. He cannot exchange it here or elsewhere for more than one ounce of gold, because both being everywhere a legal equivalent, no one would be so foolish as to exchange more gold for it. The only advice that could be given him would merely be to mine gold instead of silver, if it were more profitable. In this case the silver would be worth the gold and no more, and the gold would be worth the silver and no less.

Whilst an international agreement may fix irrevocably the mutual relation of the two metals, no convention or power can fix their purchasing *power*, as related to other commodities. This latter is sometimes confused with the former but is essentially foreign to it.

If the volume of money be increased by natural causes (*i. e.* over-production) or artificial causes (*i. e.* issue of paper money) its purchasing power is reduced, or, what is equivalent, the prices of all commodities measured by it are decreased.

On the other hand, if the volume be diminished by natural causes (*i. e.* exhaustion of mining districts), or artificial causes (*i. e.* demonetization of one of the metals) the results will be diametrically opposite.

Is it wise to add to these natural and unavoidable defects of money, artificial causes, which are likely to be more spasmodic and serious? It is true that the exchanges of man could be effected with one of the two metals alone, but most debit and credit engagements in commercial countries have been made on the tacit assurance that both metals would be retained in general use. If one metal should be driven out of employment as money, an adjustment could be made to the volume of the one remaining, but the general derangement of values and injury which would first ensue might well deter commercial nations from hazarding such an experiment.

If a general shrinkage and contraction were averted it could only be by filling the vacuum created by the expulsion of the one metal, by a paper currency of equal volume. The stock of metal upon which such currency issues would be based could not well suffice to maintain their redeemability, which would furnish a serious objection to this alternative.

The present increased demand for gold Edward Süss of

Vienna, in his work on *The Future of Gold*, prophecies will be followed by a diminution of supply.

Süss is a geologist, a professor and a statesman, and although his views may be deemed fanciful they are entitled to respectful consideration. I translate and abridge as follows:—It is an ascertained fact that the precious metals are the heaviest. From this it follows that they must be piled up more toward the center than the circumference of the earth. The specific gravity of the earth would be less than it is if the interior were composed of the same substance which the crust contains. In order to arrive at an equilibrium we are compelled to draw the inference that in opposition to the proportionately light crust of the earth the center must contain metals—probably great masses of iron—in which, in proportions not to be determined, also gold, silver and platinum. On the supposition that these three noble metals, through their specific weight, will be drawn to the center of the globe, the fact is self-evident that they all become less and less accessible to the efforts of man. Since gold has approximately double the specific gravity of silver, greater scarcity is pre-supposed, and here we are prepared for the conclusion that the hope of finding new treasures may much more safely reckon on silver than on gold. If this coveted metal only evaded the grasp of man by its downward flight it would not be secure against its insatiate pursuer. But it is guarded by a fiery dragon which is nothing else than the subterranean fire which has glowed in the earth since Creation's dawn.

Already the pioneers of the great West have knocked at the prison house of this demon and can only guard against the breath of its destructive fury by artificial means. Nine-tenths of the whole visible supply of gold in man's hands has been derived from loose alluvial land; the silver, on the contrary, is won from solid and slowly worked veins. There are many silver mines already known which are capable of production, and no geographical dicovery is necessary to increase the yield of silver. It is not exposed to those considerable, and rapid fluctuations, which distinguish modern gold production. Whilst the richest sources of gold flow bounteously and become speedily exhausted, nature has provided for a continued supply of silver. From the present year's supply of gold which is estimated at 117 million dollars, 76 millions are said to be produced on alluvial land, whose capacity of supply may only be expected for a limited series of years. With not a small degree of certainty we are driven to the conclusion that much more than half of the quantity of gold attainable by our present means has already passed through the hands of man. The time is coming, inevitably, and apparently within a few centuries, when gold production will decrease in an extraordinary

measure, and this metal, owing to its growing scarcity, will lose its utility and commanding position as money.

It is proper to add that Wolff, who has made extensive observations in Australia, and has published his views recently in Germany, does not confirm the prophecy of this modern Cassandra.

DISCOUNTED PAPER IN THE BANK OF FRANCE AND THE IMPERIAL BANK OF GERMANY.

We present some statistics showing the aggregate sum of discounted paper held by the Bank of France and the Imperial Bank of Germany, and the average amount of each bill. It will surprise some of our readers to observe the small size of a large proportion of the discounted bills, indicating an intimate connection of the National banks of Europe with the ordinary business of their respective countries, even in greater detail than exists in the United States with our banks.

BANK OF FRANCE.

January 17th, 1878.	Bills discounted at Paris.....	$ 59,280,000
	" " branches...........	77,150,000
		$ 136,430,000

This is a rather unusually large amount, as the average for the year 1876 was $90,225,000. In 1876 the number of trade bills discounted by the Bank of France was 3,204,150, representing a sum of $504,286,080, averaging $157 for each bill discounted. These bills are subdivided thus:

1,244,868	on towns where there are branches of the bank, amounting to...	$ 141,002,795
1,959,282	bills on Paris, amounting to.....	363,283,285
3,204,150		$ 504.286,080

showing the Paris bills to have been an average of $190 for each bill, and the Provincial bills $114 each. They may be further subdivided:

6,831	bills below two dollars and a half.
419,489	" from two to ten dollars.
389,503	" from ten to twenty dollars.
2,388,327	" above twenty dollars.

From this statement it appears that about one-fourth of the bills were below twenty dollars.

The extreme minuteness of these transactions will strike every one. No doubt it is one element of safety, as the risk of loss must be very small, especially as these petty sums represent, as we understand, the indebtedness of small traders to each other, and of their customers to them. The great number of the branches of the Bank of France, the facilities thus given for the collection of small sums between one

place and another, the absence of banking competition generally, and of a more extended use of checks in the country, all these circumstances must be taken into account, as they assist to explain what otherwise would seem unintelligible to persons familiar only with the details of business elsewhere.

The amounts held under discount at some of the branches of the Bank of France are very considerable. The published accounts give the total sum discounted in the year at each branch, and the report gives the average currency of the bills. Working the calculation out in this manner, we may arrive at something very close to the average amount under discount at each branch during the year.

The approximate figures for the important branches are as follows, taking those at which the annual average exceeded $500,000 :

AVERAGE OF BILLS UNDER DISCOUNT AT THE FOLLOWING BRANCHES OF THE BANK OF FRANCE IN 1876.

Marseilles	$4,685,000	..	Roubaix Tourgoing	$1,235,000
Bordeaux	4,040,000	..	Nantes	1,195,000
Lille	3,720,000	..	Toulouse	1,130,000
Havre	3,085,000	..	Rheims	955,000
Lyons	3,050,000	..	Montpellier	820,000
Rouen	1,815,000	..	Angouleme	820,000
Valenciennes	1,465,000	..	Nancy	730,000
St. Quentin	1,310,000	..	Nimes	680,000

In 1875 the currency of the bills on Paris was on an average thirty-four days, and of the bills at the branches twenty-six days; but in 1876, the average was reduced to thirty-two days for bills on Paris, and twenty-five days for bills on the branches. The Bank of France had at the date of the report, seventy-six branches in operation.

In the report of the Imperial Bank of Germany, the bills held are principally divided between the heads of discounts and of inland drafts. The total average of the bills of exchange of all kinds, held in 1876, at one time was about $100,000,000. Of the amounts under discount at the close of 1876, $5,041,545, were at the head office, and $43,390,740 at the branches. The average amount of each bill discounted was $520, and the average currency was fifty-seven days. Of the inland drafts held at same time, the end of the year 1876, $7,792,415 were held at head office, and $53,988,690, at the branches. The average amount of each bill was $370; the average currency was twenty-seven days.

"In the case of the Bank of Germany it will be observed," says the *Economist* (to which we are indebted for these details), "that in both of these classes of bills the amounts held at the head office were very much smaller than those held at the branches; this is probably explained by the fact that Berlin is not the mercantile centre of Germany in the same sense that Paris is of France, or London of England. The Imperial

Bank of Germany has a very large number of branch offices —207 in all. It gives great facilities for the transfer of money from one part of Germany to another, free of cost, throughout the whole district over which the system of its branches extends. These facilities must undoubtedly be of vast service in developing the business of the country, and they have been greatly extended during the past year. This circumstance, probably, has had something to do with the amount of bills held at the branch offices. Both the Bank of France and the Imperial Bank of Germany appear to have experienced the effect of the general depression of trade, the influence of which has extended so widely, and this has undoubtedly had an effect on the amount of the bills which they have recently held."

INTERNATIONAL CONFERENCE TO ESTABLISH A COMMON RATIO BETWEEN GOLD AND SILVER.

An amendment to the recent Act of Congress remonetizing silver, provides for an effort to secure an international conference for the establishment of a common ratio between gold and silver. In the Paris correspondence of the London *Economist* we find a report of recent proceedings in France, which is so pertinent to this subject that we transfer to our pages the following extracts:

"M. Léon Say's bill to prolong the power of the Government to suspend the coinage of silver until the end of March, 1879, came before the Senate this week, and gave rise to a short discussion on the double standard and the Latin Union. M. de Parieu, who is one of the chief advocates of a single gold standard, said that this second suspension of the silver coinage, which would no doubt be followed by a third and a fourth, was an additional argument against the possible natural working of the double standard, for a legislation which required continually to be restricted in one of its fundamental dispositions, was of little value. He did not, however, oppose the bill, which he looked on as a probable preparation for a better system, on which the Latin Union should deliberate. He expressed surprise that the committee, to which the bill had been referred, should have implicitly invited the Government not to renew the Latin Union on its expiration two years hence, as it had produced beneficial results. The Minister of Finance, on the other side, refused to admit that the present legislation was a step towards the adoption of a single gold standard. Certain facts had occurred to render the suspension of the coinage of silver necessary, and would probably continue during the present

year. Reasons were now at work which might change the situation entirely before the end of 1878. It was still uncertain whether silver would not be remonetized in the United States, and the exportations of silver for India had been more considerable last year than ever. He thought that if the Latin Union was to be continued for a fresh period it would require to be remodelled. There had been a question of assembling the delegates in February to fix the contingents of silver to be coined this year, but as a conference would be necessary in October to consider whether the Union should be maintained in its present form, the delegates might decide on not meeting until then. Negotiations on the subject were, however, now going on. Whatever might then be done, a bill would then be necessary, and the entire question, comprising that of the double standard and the Latin Union might be discussed thoroughly. The present bill was then carried without opposition.

"The renewal of the Latin Union is likely to give rise to some opposition, unless modified in some of its provisions. In the first place, if not denounced before the 1st January next, it can only be terminated at the end of another period of fifteen years. The convention is found to be disadvantageous to France, and especially with regard to countries like Italy, in which specie payments are suspended. Neither France, Belgium, nor Switzerland coined any silver in 1877, but Italy did to the full amount of her contingent. All this coin finds its way to France, and circulates at ten per cent. more than its real value. France has, indeed, a right, by an article of the Convention, to return this coin to Italy at its nominal value; but the bank notes she would receive in exchange for it are not convertible into gold, and are as much depreciated as the silver. The same with Belgium and Switzerland. The silver coin circulates reciprocally in either country; but as the current of specie is towards France, her silver currency is increased by that coined in the other countries of the Union, as well as by that she may coin herself. This accounts for the large proportion of silver coin in the Bank of France reserve, of which there is 867 millions of silver, to 909 of gold. It is roughly estimated by competent persons, that of that total of 1,776 millions, at least 500 millions must consist of foreign coin having a legal circulation in France under convention, or by toleration, such as the gold and silver of the countries of the Latin Union, and the four and eight-florin Austrian gold pieces, etc. The sovereigns, eagles, imperials, etc., not corresponding in value to the French gold pieces, and not being current, are reckoned with the bullion. I have reason to believe that this invasion of foreign coin in the French circulation, and the effect that would be produced by demonetizing it, has attracted attention at the Ministry of Finance."

THE RIGHT LAW OF VALUATION:

AND TRUE MONETARY SCIENCE.

BY TIMOTHY WRIGHT.

All commerce is barter. The needs of barter caused the use of metallic money; the growth of trade invented bills of exchange; from these developed credit (paper) money; then came two opposite schools of finance,—specie basis, or hard money,—credit basis, or soft money. The first based (in theory) on the *intrinsic value* of the existing stock of money-units of gold, silver, or both, set over against the mass of all commodities divided into units of equal aggregate value to the money; the other based on an *essential volume* of medium of exchange units representing all commodities set over against each other at their *natural* (barter) value. Existing finance is a hybrid of these two methods of valuation, and oscillates always *towards* their extremes to achieve that which each lacks, viz: a steady measure of value, and a just sufficient medium of exchange and payment, two correllated factors. For specie-money is never sufficient, and is as instantly variable in value as credit-money is, *within the limits* of less than half, and more than twice the "natural intrinsic value" of gold and silver. This truth has not been seen, because specie, or gold or silver *money*, has been thought to be "The (right) Standard." The regular financial revulsions are both the effect and evidence of this truth or fact. Now either metal alone, as the only full legal money, must be less steady in value than both together; and for the same reason both less so, than gold, silver, and paper. For no money alone can be a true measure of value or a just standard of payment, if any other kind of medium of Exchange, Trade, Barter, is in use at the same time. The *natural intrinsic value* of gold, silver and all commodities, is the barter value which they have one with all and all with each, when no statute law or custom of trade adds a factitious unsteady element. The two commodities gold and silver—as one entity at a fixed ratio, are the most steady and best VALUE MEASURE that the world has got. They embody and hold in human estimation the value of LABOR, from year to year, with less change than all other things whose annual supply and consumption bear a far greater proportion to their total stock. It is a vital truth, that as commodity, *not as money*, the precious metals measure intrinsic (labor) value; yet equal weights in money and in

commodity have naturally the same bullion value, but unscientific laws can and do greatly disturb this relation.

Labor (1) is the primal standard of value; gold and silver commodity (2) is the measure of value; any money (3) permitted to circulate, must be legal standard of payment; And all medium of exchange (4)—specie, paper, and every form of credit, are one element in monetary science, and hold the same relation to commodities, to the measure, and to the standards of value and payment. All systems have blindly combined the diverse functions of the first three of these factors with, or in, one element (money) of the fourth; and have as blindly made distinct entities of the several constituents of the last.

This true Law of Valuation ends "the battle of the standards;" weds the two old methods; gives birth to the right measure of (labor) value; and solves the old problems as to labor and capital.

THE SCIENTIFIC FINANCE OF THE FUTURE

is embodied in the following synopsis of an "ACT," which will give to any country all the prosperity which its industry and resources entitle it to; without inflations or contractions; with no vast, and worse than useless, specie deposits; for the gold and the silver will be in the hands of the workers; and the "PAR-VALUE" will be permanent. Confidence, and industrial activity, with just wages for labor, and fair "use" for capital will be assured, when labor-value in all things is thus made of right the "Standard;" and finds in gold and silver, its ready, true "Measure."

Be it enacted, &c., &c., That all gold and silver brought to the U. S. mints shall be assayed and stamped in bars or coined as soon as may be, as requested by the owner in accordance with this act, at a mint charge of two-tenths of one per cent. for bars, one-half of one per cent. for coins.

The legal-tender standard, and the legal current money of the United States shall be constituted as follows, viz.:

1. Gold bullion in bars thus assayed and stamped of the present standard, nine-tenths pure, one-tenth alloy, 25.8 grains to the dollar.

2. Silver bullion in bars thus assayed and stamped, of the same standard, 400 grains to the dollar.

3. Gold coins of the names, grades (except $1 pieces), and standard fineness now authorized by law, also $2 and $3 pieces, which shall be hexagonal in form—all 25.8 grains to the dollar.

4. Silver coins of the names, grades (except half-dime and two-dime pieces), and standard fineness now authorized by law—all 400 grains to the dollar.

5. Bronze, nickel and copper coins, as may be authorized by law.

6. Government-credit paper-coins, "GREENBACKS," engraved in the highest style of art, printed in black and colored inks, on the best specially-prepared exchequer-note paper, bearing the same legends, requisite lettering and descriptive numerals as the metal coins of corresponding units and multiples in the scale of value-measure; except that the gold and silver metal bars and coins shall have stamped upon them the number of grains weight of standard bullion that they contain. The denominations of the coin notes shall be $1,

$4, $5, $10, $20, $50, $100, etc., in such proportions as the public may from time to time demand.

7. The existing issue of National bank notes, until retired as herein provided.

No other paper money shall be permitted to circulate in the United States.

From and after the passage of this act, all of the above bullion and money, except as below provided, shall be full legal-tender, at debtor's option, for all debts and demands, public and private, *incurred or accruing after its passage;* BUT THE PAPER MONEY SHALL IN NO SUCH CASE BE LEGAL-TENDER FOR MORE THAN ITS PAR VALUE IN BULLION-COIN, except to the Government itself, which shall always receive it, and the existing subsidiary silver coins, for duties, excises, taxes and demands at face value.

Nickel, bronze and copper coins shall be legal-tender for the value of the next highest coin to each; and

Dimes shall be legal-tender by tale for one dollar;—and no more in one payment.

No other U. S. or foreign coins shall be legal-tender by tale if they are more than half of one per cent. below weight, and for all sums in metal, over $10, the creditor shall have the right to demand full bullion-coin or bar value by weight, less mint charges.

For all now existing debts the above money shall be legal-tender only at the par of the gold bullion or coin, or of the 412½ grain dollar of 1837, as to debts now legally payable in that coin, which shall be remonetized, if necessary, for that purpose. But all debts now legally payable in greenbacks shall continue to be so payable, whether at par or not.

All special contracts shall be payable as agreed between the parties thereto.

Ninety per cent. of the interest accruing on the bonds deposited as security by the National banks shall be retained by the Government, until the said bonds shall have been redeemed by the payment of the ninety per cent. in National bank notes, greenbacks, specie or bullion.

All National bank notes received by the Government shall be destroyed. The Government shall only pay out its own "legal coins" as above instituted.

Consolidated bonds shall be prepared in series of $10, $20, $50, $100, $300, $500, $1,000, $5,000, $10,000, $20,000, etc., both coupon and registered, bearing 3.65 per cent. interest, payable semi-annually in any of the above coins at par with bullion coin-value, and redeemable in like payment after thirty years. Such bonds shall not be issued at less than par in bullion-coin value for the face and accrued interest; and the proceeds of the sales of such bonds shall be applied in redeeming any outstanding matured interest-bearing obligations of the United States, in the order of their dates.

In place of the National bank notes retired the Government may issue a like sum in greenback dollars; and also to whomsoever shall deposit the amount in any of the bonds of the United States; but the interest on such bonds shall cease while in possession of the Government. And such notes may be so issued until there shall be about $20 per capita of paper money in circulation, or so long as it is at par with bullion-coin and not otherwise.

After there shall be such amount of paper money in circulation, then for any excess of such per capita par-volume the Government shall issue, when demanded, in sums of $10 and its multiples, its said 3.65 consol in exchange for such greenbacks, provided that they are then at a discount from bullion-coin value, but not otherwise.

The Government shall report periodically the amount of its bond and greenback issues, assays and coinages.

Banking shall be free, subject only to the same taxes as other business.

The percentage of lawful money which the banks shall hold may be left to their discretion and that of their customers; and reports of condition and official examinations may be safely abolished under this system.

THE POSTAL SAVINGS BANK LAWS OF GREAT BRITAIN.

CHAP. XIV.—An Act to grant additional facilities for depositing small savings at interest, with the security of the Government for due repayment thereof.—[*17th May*, 1861.]

Whereas it is expedient to enlarge the facilities now available for the deposit of small savings, and to make the General Post Office available for that purpose, and to give the direct security of the State to every such depositor for repayment of all monies so deposited by him, together with the interest due thereon: Be it therefore enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords spiritual and temporal, and Commons, in this present Parliament assembled and by the authority of the same:

1. It shall be lawful for the Postmaster General, with the consent of the Commissioners of Her Majesty's Treasury, to authorize and direct such of his officers as he shall think fit to receive deposits for remittance to the principal office, and to repay the same, under such regulations as he, with the concurrence of the Commissioners of Her Majesty's Treasury, may prescribe in that respect.

2. Every deposit received by any officer of the Postmaster General appointed for that purpose shall be entered by him at the time in the depositor's book, and the entry shall be attested by him and by the dated stamp of his office, and the amount of such deposit shall upon the day of such receipt be reported by such officer to the Postmaster General, and the acknowledgment of the Postmaster General, signified by the officer whom he shall appoint for the purpose, shall be forthwith transmitted to the depositor, and the said acknowledgment shall be conclusive evidence of his claim to the repayment thereof, with the interest thereon, upon demand made by him on the Postmaster General; and, in order to allow a reasonable time for the receipt of the said acknowledgment, the entry by the proper officer in the depositor's book shall also be conclusive evidence of title for ten days from the lodgment of the deposit; and if the said acknowledgment shall not have been received by the depositor through the post within ten days and he shall, before or upon the expiry thereof, demand the said acknowledgment from the Postmaster General, then the entry in his book shall be conclusive evidence of title during another term of ten days and *toties quoties:* Provided always that such deposits shall not be of less amount than one shilling nor of any sum not a multiple thereof.

3. On demand of the depositor or party legally authorized to claim on account of a depositor, made in such form as shall be prescribed in that behalf, for repayment of any deposit or any part thereof, the authority of the Postmaster General for such repayment shall be transmitted to the depositor forthwith, and the depositor shall be absolutely entitled to repayment of any sum or sums that may be due to him within ten days at farthest after his demand shall be made at any post office where deposits are received or paid.

4. The officers of the Postmaster General engaged in the receipt or payment of deposits shall not disclose the name of any depositor nor the amount deposited or withdrawn, except to the Postmaster General, or to such of his officers as may be appointed to assist in carrying this Act into operation.

5. All monies so deposited with the Postmaster General shall forthwith be paid over to the Commissioners for the reduction of the National Debt; and all sums withdrawn by depositors, or by parties legally authorized to claim on account of depositors, shall be repaid to them out of the said monies, through the office of Her Majesty's Postmaster General.

6. If at any time the fund to be created under the authority of this Act by the investment of the deposits shall be insufficient to meet the lawful

claims of all depositors, it shall be lawful for the Commissioners of Her Majesty's Treasury, upon being duly informed thereof by the Commissioners for the reduction of the National Debt, to issue the amount of such deficiency out of the Consolidated Fund of the United Kingdom, or out of the growing produce thereof; and the said Commissioners of Her Majesty's Treasury shall certify such deficiency to Parliament.

7. The interest payable to the parties making such deposits shall be at the rate of two pounds ten shillings *per centum per annum*, but such interest shall not be calculated on any amount less than one pound or some multiple thereof, and not commence until the first day of the calendar month next following the day of deposit, and shall cease on the first day of the calendar month in which such deposit is withdrawn.

8. Interest on deposits shall be calculated to the thirty-first day of December in every year, and shall be added to and become part of the principal money.

9. The monies remitted to the Commissioners for the reduction of the National Debt under the authority of this Act shall be invested in some or in all of the securities in which the funds of Savings banks established under the existing laws may be invested; and a separate and distinct account shall be kept by the said Commissioners of all receipts, investments, sales and repayments; and a balance sheet of such account from the first of January to the thirty-first of December in every year shall be laid before both Houses of Parliament not later than the thirty-first of March in every year.

10. If any depositor making deposit under this Act shall desire to transfer the amount of such deposit to a Savings bank established under the Acts relating to Savings banks, he shall, upon application to the chief office of the Postmaster General, be furnished with a certificate stating the whole amount which may be due to him, with interest, and thereupon his account under this Act shall be closed; and, upon delivery of such certificate to the trustees or managers of the Savings bank to which it is proposed by the depositor to transfer such deposit, they shall, if they think fit, open an account for the amount stated in such certificate for such depositor, who shall thereupon be subject to the rules of such Savings bank; and the amount so transferred shall, upon such certificate being forwarded to the Commissioners for the reduction of the National Debt, be written off in the books of the said Commissioners from the amount of monies received under the authority of this Act, and shall be carried to the account of the Savings bank to which transfer shall have been made; and in like manner, if any depositor in a Savings bank established under the Savings Bank Acts shall desire to transfer the amount due to him, with interest, from such Savings bank to the Postmaster General, for deposit under the provisions of this Act, the trustees or managers of such Savings bank shall, upon his request, furnish such depositor with a certificate, in a form to be approved by the Commissioners for the reduction of the National Debt, signed by two trustees of such Savings bank, and thereupon his account with such Savings bank shall be closed, which certificate the depositor may deliver to any officer of the Postmaster General authorized to receive deposits under this Act, and such certificate shall for the amount therein set forth be considered to be a deposit made under the authority of this Act, and being forwarded to the said Commissioners, the said amount shall then be transferred in the books of the said Commissioners from the account of the said Savings bank to the credit of the account of monies deposited under the authority of this Act. Provided always, that nothing contained in this Act respecting Savings banks shall render it necessary to have the rules and regulations of any Savings bank again certified if the same have been before certified according to law.

11. The Postmaster General, with the consent of the Commisioners of Her Majesty's Treasury, may make, and from time to time, as he shall see occasion, alter regulations for superintending, inspecting and regulating the mode of keeping and examining the accounts of depositors, and with respect to the making of deposits and to the withdrawal of deposits and interest, and all other matters incidental to the carrying this Act into execution in his department, and all regulations so made shall be binding on the parties interested in the

subject matter thereof to the same extent as if such regulations formed part of this Act; and copies of all regulations issued under the authority of this Act shall be laid before both houses of Parliament within fourteen days from the date thereof, if Parliament shall be then sitting, and if not then within fourteen days from the next re-assembling of Parliament.

12. An annual account of all deposits received and paid under the authority of this Act, and of the expenses incurred during the year ended the thirty-first of December, together with a statement of the total amount due at the close of the year to all depositors, shall be laid by the Postmaster General before both houses of Parliament not later than the thirty-first of March in every year.

13. The annual accounts of the Postmaster General and of the Commissioners for the reduction of the National Debt, to the thirty-first of December in each year, in respect to all monies deposited or invested under the authority of this Act, shall annually, prior to the thirty-first of March in each year, be submitted for examination and audit to the Commissioners for auditing public accounts.

14. All the provisions of the Acts now in force relating to Savings banks as to matters for which no other provision is made by this Act shall be deemed applicable to this Act, so far as the same are not repugnant thereto.

15. All expenses incurred in the execution of this Act shall be paid not of the monies received under the authority of this Act.

On May 4th, 1863, was passed, "the Act to amend the law relating to Post Office Savings Banks," the provisions of which are in substance as follows: § 1. Accounts of minors may be transferred, on application in writing of the parent or other relative, and of the minor if over seven years of age, and also of the other party. Money so transferred shall not be withdrawn until the minor shall attain the age. § 2. On the final closing of any savings bank, any property remaining shall be converted into money and paid over to the Commissioners for the Reduction of the National Debt, and carried by them to the Surplus Fund. Such monies to be subject to any claim thereafter substantiated on account of any depositor of the savings bank so closed. § 3. States the duties of trustees of any Savings banks when they shall have determined to close the bank for the receipt of deposits. The three remaining sections provide for the conversion of annuities, and gives to trustees the power to appoint managers to sign transfer certificates.

SUPREME COURT OF ILLINOIS.—*J. H. Hooker* vs. *Alanson Gooding.* Error to will.—Opinion by Dickey, J., reversing and remanding.

A banker gave a depositor a certificate of deposit to be cashed on presentation. The name of a guarantor was indorsed on the back of the certificate without other writing. The banker ultimately proving insolvent, the indorser was sued for the amount, and recovery had against him. He maintained that he was discharged by the delay of the holder to present the certificate at the bank to be paid.

Held, That the guaranty was not contingent, but absolute. By the terms of the paper, the credit was indefinite, and at the option of the holder. It may be, that a security on such a paper might, after a reasonable time, bring the credit to an end, by his own affirmative action—by offering to pay himself, or perhaps, by a written demand upon the creditor to proceed to collect. The creditor was not, in any sense, the curator of the interests of the security, or guarantor. He owed him no affirmative duty by accepting the certificate. He was under no obligation to the guarantor to make prompt demand of payment.

THE POWER AND AUTHORITY OF A CASHIER.

[FROM THE CHICAGO LEGAL NEWS.]

UNITED STATES CIRCUIT COURT, N. D. OHIO.

James A. Blair vs. *The First National Bank of Mansfield.* On Demurrer.

1. *Held*, That the note payable to "McMann, cashier," was a note payable to the bank.
2. That McMann, as cashier, had authority to assign the note. The Court states at some length the power and authority of bank cashiers.
3. That McMann being the cashier of the defendant bank, the presumption is, that the note payable to him in the form above stated, was the property of the bank, and if the cashier indorsed it as such and sent it to the Savings bank, in an official letter for discount, it would be the same thing as requiring the Savings bank to discount it on behalf of the defendant bank. If the Savings bank discounted such note and sent the proceeds to the defendant, that was a transaction within the scope of the duties of the cashier, and for which the bank is liable, and it does not make any difference what the defendant did with the money thus received.
4. That the President, Cashier, or Director, of a National bank, may borrow money of the bank.
5. The fact that paper has not been authorized by a discounting committee to be discounted, does not in any way affect outside parties who are *bona fide* indorsees of the paper before maturity.
6. That a cashier has no authority to indorse accommodation paper not passing through his bank in its line of usual business so as to bind his bank to the indorsee.

WELKER, J.—This suit is brought against the bank upon the following promissory note:

"$ 5,000.

"MANSFIELD, OHIO, August 11, 1873.

"Ninety days after date I promise to pay to the order of R. H. McMann, cashier, five thousand dollars, at the First National Bank of Mansfield, in New York Exchange. Value received.

"WILLARD HICKOX."

"Indorsed.—1st. Pay D. P. Dildine, Esq., cash or order.—R. H. McMann, Cashier.

"2d. Pay J. A. Blair, or order.—D. P. Dildine."

The petition alleged the assignment by R. H. McMann, Cashier of the bank, for and on behalf of the bank, to D. P. Dildine, before due, and for a valuable consideration, and by said Dildine, before maturity and for a valuable consideration, to the plaintiff, and avers the proper demand and notice on maturity to the First National Bank, etc.

The defendant answers, as a defense, that the note was received by the said R. H. McMann, without any consideration therefor and indorsed to Dildine, Cashier, without any consideration to said National Bank, and solely as a matter of accommodation for said Hickox.

That Hickox was largely indebted to the bank at the time of the execution of said note, and that he and said McMann unlawfully and fraudulently colluded and combined to cheat the bank, and with said purpose and intent Hickox executed the note to McMann, and with said purpose and intent, and without any authority in law or fact therefor, McMann unlawfully and fraudulently indorsed and delivered said note to Dildine without receiving any consideration therefor for said bank.

To this answer the plaintiff files a general demurrer. The answer does not deny the assignment and transfer of the note by McMann, cashier, to Dildine, and by Dildine to the plaintiff, before maturity.

We may, therefore, in considering the plaintiff's demurrer, and the sufficiency of defendant's answer, regard the assignment to have been made before maturity and for valuable consideration paid by the plaintiff.

That being so regarded, all that part of the answer as to the consideration of the note, or its assignment to the plaintiff, constitute no defense to the note in the hands of the plaintiff, if he be an innocent holder of the note.

The answer and demurrer raise two questions for determination. 1st. Whether the note payable to McMann, cashier, is a note payable to the bank? 2d. Whether McMann, as such cashier, had authority to assign the note? As to the first point: The case of Bank of Genesee, 19 N. Y., 313, was a suit on a note payable to "the order of S. B. Stokes, cash.," at the Bank of New York, and by him indorsed by the name of "S. B. Stokes, cash." It was held by the court that the note was payable to the bank. Judge Denio in that case says: "In the absence of any evidence to connect the bill with defendant's bank, he would be regarded as the payee and indorser individually, and the abbreviation affixed to his name would be considered as *descriptio persona.* But when it has been shown that he was the defendant's cashier, the presumption would be that the note payable in that form, was the property of the bank, and when he indorsed it with the addition mentioned, and sent it to the plaintiff in an official letter, for discount, which was the same thing as requesting the plaintiff to discount on behalf of the defendant's bank."

It was also held in that case: "that there being nothing in the circumstances to put the indorser upon inquiry, and he having discounted the bill in good faith, he was entitled to recover against the bank, although the bill was indorsed for the accommodation of a third party, the bank having no interest in it, but its governing officer authorized the indorsement and application for discount."

In 1 Wallace, 234, it is held by the court: "That where negotiable paper is drawn to a person by name with addition of 'cashier' to his name, but with no designation of the particular bank of which he was cashier, parol evidence is allowable to show that he was the cashier of a bank which is plaintiff in the suit, and that in taking the paper he was acting as cashier and agent of that corporation."

These cases, I think, settle that the National Bank was the owner of this note, although payable to McMann, as cashier; and that it was the paper of the bank.

2d. Had he authority to transfer and indorse the note?

In *Morse on Banks and Banking*, 151, it is said in speaking of the powers of a cashier, that "all its negotiable paper he may negotiate and transfer in its behalf, and to this end he may indorse it over, so as to bind the bank like any ordinary indorser on similar paper." Again: "The outside party dealing with him (cashier) in good faith, and without notice of the irregularity, holds the bank as if the transaction had been unobjectionable throughout. For it is the inherent power of the cashier, which he exercises simply by virtue of his office to make the transfer, and no person can be required, in a case where no circumstances of suspicion put him upon inquiry, to go behind this authority. If the agent exceeds it, the matter lies wholly between himself and principal." See, also, 29 N. Y., 554.

Again: "That the cashier, by his indorsement of negotiable paper on behalf of the bank, will always bind the bank to the full extent that any individual indorser of like paper, and in like form, would be bound, unless the holder of the indorsed paper took it with actual notice of some fact rendering the indorsement irregular and invalid."

It will be seen by the authorities that the powers of a cashier are very large. He is the general agent of the bank for all its banking transactions. Whether he have specific authority to do certain things or not, if within the scope of his general duties, the outside world have a right to presume the authority, and his acts bind the bank.

In this case the note was payable to the cashier of the bank, and by him indorsed in the regular course of business, we have a right to presume, to

Dildine, cashier of another bank, and by him to the plaintiff. What circumstances of suspicion were there about the transaction, to put the plaintiff on his guard, that appear in the answer? It is a common practice among banks to receive negotiable paper, and forward, after indorsement by the cashier to another bank and there re-discount the same.

There is no allegation in the answer that any of the matter therein set up was brought to the knowledge of the plaintiff, or that there were such circumstances surrounding the transactions therein set forth, to put the plaintiff upon inquiry in purchasing the note.

The admitted relation of McMann to the bank was such that any person had a right to suppose the transaction was in the usual course of business.

In the absence of these facts in the answer I do not think it a good defense, and the demurrer thereto will be sustained.

The case was then tried by a jury.

WELKER, J., in his charge to the jury, made the following legal points:

1st. The note being payable to "R. H. McMann, Cash.," is a note payable to the bank of which he was cashier.

2d. If the evidence shows that McMann was the cashier of the bank (defendant), the presumption is, that the note payable in that form was the property of the bank, and if the cashier indorsed it as such, and sent it to the Savings bank in an official letter for discount, it would be the same thing as requesting the Savings Bank to discount it on behalf of the defendant (bank).

3d. If the note of Hickox was the note of the bank and so received by the cashier, and afterwards, for the purpose of re-discounting, indorsed by McMann as such cashier, and discounted by the Savings bank, and the proceeds sent to the defendant, that was a transaction within the scope of the duties of the cashier and for which the bank is liable, and it does not make any difference as to the right of the plaintiff, what the defendant did with the money thus received.

4th. The President, Cashier or Director of a National bank may borrow money from the bank, as any other person may, and execute a valid note for the same, that will bind them as well as the bank receiving it; and such notes are not void, nor, in the absence of fraud, can such note be repudiated or avoided by the bank by reason of that relation.

5th. If the plaintiff purchased the note before maturity and for a valuable consideration and in good faith, the defendant cannot set up any defense to the same growing out of the consideration of the note, or for want of authority to make the note or the endorsement, unless he took it with actual notice of some fact rendering the indorsement irregular and invalid; or unless there was something in the circumstances of the transaction, throwing suspicion upon it, to put the plaintiff upon inquiry as to the character of the transaction.

6th. If the indorsement of this paper by the cashier, and its being sent to the Savings bank for discount was in the ordinary and usual line of banking business, then, that fact was not such a circumstance as would put the plaintiff upon inquiry, for he had a right to suppose it was legitimate and proper.

7th. If the note was payable to some person not connected with the bank, but assigned to the bank and indorsed by the cashier, and presented by an outsider to the Savings bank for discount, that fact would be a circumstance to put the indorser upon inquiry as to the transaction, and the authority of the cashier to make such indorsement to bind the bank.

8th. An outside party dealing with the cashier of a bank, in good faith and without notice of the irregularity, holds the bank as if the transaction had been unobjectionable throughout.

For it is the inherent power of the cashier, which he exercises simply by virtue of his office to make the transfer, and no person can be required, in a case where no circumstances of suspicion put him upon the inquiry, to go behind this authority.

If nothing appears upon the face of the paper, or in the circumstances connected with the assignment, to throw suspicion upon it, the purchaser, before maturity is not bound or required to make inquiry.

9th. The fact whether paper has been authorized by a discounting committee

to be discounted by a bank, or not so authorized, does not in any way affect an outside party who is a *bona fide* indorsee of the paper before maturity. Such action or want of action by the committee, does not in any way affect the validity of the paper when put into circulation.

10th. Such committee being only part of the private machinery of the bank, devised for its own safety and advantage, the outside public is not in any way affected by its action in relation to commercial paper.

11th. Accommodation paper in a legal sense means paper made without consideration therefor.

12th. A cashier of a bank has no authority to indorse accommodation paper, not passing through his bank in its line of usual business, so as to bind his bank to the indorsee therefor. The indorsement to be binding upon the bank must be within the scope of his duties as such cashier.

13th. If such circumstances of suspicion have been shown to exist, as ought to have put the officers of the Savings bank and the plaintiff upon inquiry before purchasing, they would be presumed to have either made the inquiry and ascertain the truth, or to have been guilty of a degree of negligence equally fatal to their claim, to be considered *bona fide* purchasers.

14th. That the fact that the plaintiff knew that Hickox. the maker of the note, was the President of the First National Bank (defendant), was not such a circumstance as would constitute notice to the plaintiff to destroy his character of innocent holder of the note, or put him upon the inquiry as to the character of the note.

15th. The law presumes a consideration in every promissory note, because it is an obligation to pay money. Verdict for the plaintiff. Motion for new trial. 1. Because of error of the Court in the law. 2. That the verdict was contrary to the law and the evidence.

Motion for new trial. Heard by Judges EMMONS and WELKER.

Opinion by EMMONS, J.—The action is upon an indorsement by the defendant's bank, as organized under the National Banking Law. The note was regularly indorsed, by due course of trade, by the Cashier of the defendant, a full consideration paid by the Tiffin Savings Bank. The latter bank transferred it for full consideration to the plaintiff before maturity. The defendant now moves for a new trial upon the ground, that as it appeared the maker of the note was insolvent, was President of the bank, and, by connivance with the Cashier, fraudulently obtained the discount of the note by the defendant, and that, in view of this fact, the Court should have charged the jury, that inasmuch as the note was made by a person who was also President of the bank, that the discount *per se* unlawful, and that the note on its face put the plaintiff upon inquiry, and authorized the defendant to prove, as against him, the want of consideration.

It is somewhat difficult to deal with snch a proposition. If there is any possible defense in a case like this, it is only upon the broad ground that the President of a bank is incompetent in all cases to become a borrower from his bank, and that his paper is in all instances unlawful.

This is not a case of failure of consideration. The contract given in evidence is one for which the defendant received full consideration. The Savings bank and its transferee, the plaintiff, has nothing to do with solvency or insolvency of the maker of the note. They dealt with the bank which indorsed it.

If there is any defense, it must be on the ground of illegality, that the transaction is *ultra vires*, or so at war with public policy as to become void at common law.

If such grounds can be maintained, then, of course, all parties to an unlawful transaction can set that up as a defense.

No case has been referred to showing that a bank officer or director cannot borrow as freely as other persons, so as the loans are honest, and the borrowers do not themselves participate in authorizing the loan.

On page 99 of *Morse on Bànking*, after discussing the general doctrine, that so far as the bank itself is concerned, but not as to third persons, that it is unlawful for a director to vote upon a matter in which he is personally interested, adds that:

"In the absence of legislative prohibition there is no rule of the common law which prevents the making of a loan or discount to a director, any more than to any other person." Cites *Coneyhaus' Appeal*, 57 Penn. St., 474.

The distinction is plain in principle, as it has always been recognized in actual administration, between being interested in a valuable contract and in borowing money at a lawful rate of interest.

It has never been deemed a breach of trust for an officer of a corporation to borrow its money: *Angel & Ames*, 296 and 297, Sec. 299 and 300.

Cashier may transfer the securities of a bank in the usual course of business.

It being entirely clear that a bank director or officer may, in the ordinary course of business, borrow money of the corporation, it would have been error for the judge to have charged the jury that the mere form of paper showing he had done so, was notice to the plaintiff of any fraud upon the bank.

It is unnecessary to say that irregularities in the conduct in the internal affairs of a corporation do not bind third parties who had no notice, for here it does not appear that any irregularity had occurred. At most, it is a fraudulent discount of paper to an insolvent party.

In such a case the defendant concedes that a third party taking the paper from the bank itself, paying full consideration, may recover on its indorsement.

The motion for new trial is overruled, and judgment on the verdict,

Slade and Kline, and L. R. Critchfield, for plaintiff.

M. R. Dickey and H. C. Hedges, for defendant.

UNITED STATES SUPREME COURT DECISIONS.

INQUISITORIAL EXAMINATION OF BANK CHECKS.—No. 133. Unites States *vs.* Mann—Error to the Circuit Court for the District of Minnesota.—In this case the Court holds that bank checks, unless it be shown that such have been drawn and paid without being stamped, are not the proper subject of visit and inspection by the internal revenue officers, under section 3,177 of the *Revised Statutes*, providing that any collector, deputy collector or inspector may enter in the day time any building or place where articles or objects subject to tax are made, produced or kept so far as it may be necessary to examine them. Affirmed. Mr. Justice Clifford delivered the opinion.

TAXATION OF BANK SHARES.—No. 646. Farrington *agt.* State of Tennessee and Shelby County—Error to the Supreme Court of Tennessee.—The plaintiff in error in this case represents the Union and Planters' Bank of Tennessee, whose charter declares "that it shall pay to the State an annual tax of one-half of one per cent. on each share of the capital stock subscribed which shall be in lieu of all other taxes." In 1872, under subsequent legislation, the stock of the company was taxed for State and County purposes at the par value of its stock at the rate fixed by the later statute. The Court held that the bank was exempt from any different rate of interest than that fixed in its charter by the compact therein contained between the State and the corporation, and that the subsequent legislation was void as impairing the obligation of the contract. A compact, says the Court, lies at the foundation of all National life. Contracts mark the progress of communities in civilization and prosperity. They guard, as far as it is possible, against the fluctuations of human affairs. They seek to give stability to the present and certainty to the future. They gauge the confidence of man in the truthfulness and sincerity of his fellow man. They are the springs of business. trade and commerce, and without them society could not go on. Spotless faith in their fulfillment, honors alike communities and individuals. Under the contract in this case, there could be no further tax upon the shares of the bank, for rights have vested under it, and those rights are sacred. Reversed. Mr. Justice Swayne delivered the opinion. Dissenting—Justices Strong, Clifford and Field, who held that the exemption of the contract does not extend to shares of the bank taxed as property against individuals holding them. Four other cases are disposed of by this decision.

MEMORIAL OF BANKS AGAINST THE SILVER BILL

The Committee of the banks of New York, Boston, Philadelphia and Baltimore, appointed pursuant to the recommendation of the Representatives of the Banks of the City of New York, held in this city on January 9th, have presented their memorial accordingly. We publish the substance of this petition, in which they say at the outset that they do not recognize that there can, in the matter now presented to Congress, be any antagonism in principle between the different sections, classes, or interests of the country; on the contrary, they assume that that which is wise, just and expedient for one must be equally wise, just and expedient for all.

The first condition of commerce and of all material prosperity is a standard or measure of value, accurate and uniform the world over, in order that the value of the industry, or products of every individual, wherever placed, may be determined each day at his own door. A farmer is not necessarily rich and prosperous in ratio to the number of bushels of wheat, or the iron manufacturer in ratio to the number of tons of iron, each may produce; but in ratio to the amount of the universal equivalents, gold and silver, for which such wheat or iron can be exchanged. As each may wish to consume largely the products of countries which will receive neither the wheat nor the iron, but only gold and silver, or articles which they regard as their equivalent, it is only by comparing the value of his products with that of those which will be received at the same value in every market in the world, that every producer can determine the exact value of his own labor, and guide or correct it, should it appear, by the result, to have been ill-directed or misapplied. Without tracing the history, or reason thereof, the undersigned may well stand upon the fact that all races and nations will accept gold and silver at a value uniform in all, for whatever they have to sell, and in payment of whatever may be due them. This willingness to accept them in all cases does not depend upon any legal enactment to which, could it be provided, the nations themselves would necessarily be parties, but to a law or instinct common to mankind, and which far transcends, in its force and binding efficacy, any law or rule of human enactment.

In international commerce, the weight and fineness of the metal used as money are alone considered in determining their value. No sooner do foreign coins come into a country, than the metal they contain receives the impress of its own mint. Coinage becomes an element of value or convenience chiefly in local exchanges; and local laws may very properly provide that the coin or standard, in or by which contracts were entered into, shall be accepted in their discharge, that ill-disposed creditors may be compelled to accept the consideration agreed upon.

Referring to the experience of other nations the memorial thus speaks of England:

The monetization of gold and the demonetization of silver in England effected no change whatever in the monetary condition or operations of the people, except that it reduced the value of its silver coins to such an extent that they could no longer be exported without loss. Gold continued to be, as it had been for a long time, the money chiefly in use. That country anticipated by more than fifty years the action of other countries in making gold the sole standard, for the reason that she anticipated, by an equal length of time, all other nations, in those scientific and mechanical contrivances and improvements by means of which she acquired that colossal strength and wealth which carried her triumphantly through the bloody wars in which she was so long involved. With the increase of such wealth, silver gave place to gold as a standard, precisely and as naturally as with such increase the old highways

gave place to the canal, and the canal to that highest achievement of modern civilization, the railway. For that country to return to a currency of silver in place of gold would, in effect, be the same as an abandonment of the railway and the canal for the old highway.

THE EXPERIENCE OF FRANCE.

An illustration, still more striking than the preceding, of the revolution in the use of gold and silver as money, due to the requirements of an enlarged commerce, and in accordance with the spirit of the age, is that afforded by France. That country has been regarded as especially the champion of the silver interest, and her example is constantly appealed to as an argument in favor of the remonetization of silver in our own. So far from affording any argument of the kind, her action, for the last twenty-seven years, presents the strongest possible reason against it. Up to 1850 the coinage of France had been almost wholly of silver. From 1795 to 1850, the total coinage of gold in that country equaled 172,752,000 francs; of silver, 4,204,366,000 francs. From 1850 to 1876, inclusive, the coinage of gold equalled 8,074,900,000 francs; of silver, 1,046,112,000 francs. For the period first named, (fifty-five years) the excess of the coinage of silver over gold equaled 4,031,614,000 francs; for the latter period of twenty-seven years, the excess of coinage of gold over silver equaled 7,028,788.000 francs.

The imports of gold into France from 1830 to 1849, inclusive, equaled 440,800,000 francs; of silver, 3,202,200,000 francs. The exports of gold in the same period equaled 478,400,000, and of silver 1,045,900.000 francs. From 1850 to 1876, the imports of gold into France equaled 9,994,000,000 francs; of silver 4,803,700,000. The imports of gold in the same period equaled 4,880,500,000 francs; and of silver 5.311,200,000 francs. The excess of imports over exports of gold during the same period were 5,113,500,000 francs, while the excess of exports of silver over imports was 507,500,000. If we assume the amount of silver that has gone into the arts in that country at 50,000,000 francs. annually, the amount thus used will equal, for the period named, 1,350.000,000 francs. This sum would reduce the amount of silver in France below what it was in 1850, by 1,857,500,000 francs. Meantime the excess of imports of gold over exports equaled 5,113.500,000 francs. Assuming 25,000,000 francs of gold to be used annually in the arts, the amount so used would equal 675,000,000 francs, leaving in the country a balance of 4,438,500,000 francs of gold. Deducting the decrease of silver due to exportation and its use in the arts, the total increase of the gold and silver coin and bullion in that country, during the period of twenty-seven years, has equaled 2,581,000,000 francs. Such estimate of increase is perhaps excessive. However this may be, there can be no reasonable doubt that there are now at least 1,500,000,000 francs less of silver coin in France than there were in 1850, while the amount of gold coin and bullion is at least 3,500,000,000 greater. The tendency is steadily and unmistakably in the same direction. The Government has declined to receive any more silver bullion to be coined on private account, unquestionably with a view of reducing silver to the condition of subsidiary coins.

With such examples before us, should the United States not hesitate before entering upon a course of action which is to reverse the example of all other commercial nations? For to that of England and France is to be added that of the German Empire. The causes which have led to the revolution there were precisely of the character which led to the demonetization of silver in the United States and Great Britain, and its practical demonetization in France. The latter was compelled to move more slowly than the others from the fact that up to a recent date her coinage was almost wholly of silver, while the amount of this metal to be disposed of far exceeded that held by any other nation. France was led into the financial revolution she is now undergoing, by no desire of change, nor for the sake of any theoretical advantage. She had, on the contrary, every inducement to retain silver as her chief currency. Her silver coinage was one to which her people had been always accustomed, and with which they were wholly content. The change involved a vast outlay and

the most careful and competent management through a series of years, that the displacement of one currency by another should involve the least possible amount of disturbance and loss.

The success achieved well illustrates the transcendent ability of that people in financial affairs. The Bank of France, the most vulnerable point in the monetary system of the country, has almost wholly surmounted its part of the difficulty. Silver, which formerly constituted its reserves, has now given place, in a great measure, to gold. Of the total reserves, amounting to 458,780,000 francs, held by it in 1850, when it first entered upon the great undertaking, only $11,980,000 were of gold. Of the total reserves (2,049,598,000 francs) held by it on the 23d of June, 1876, 1,468,340,000 consisted of gold, and 526,258,000 of silver. The assumption that, after all the sacrifice which that country has made, by which she has safely transferred herself with all her industries from one monetary basis to the other, she is to retrace her steps, and restore to silver the prominence it once enjoyed, is not for a moment to be entertained.

HOW SILVER WAS DEMONETIZED.

Nearly three years elapsed from the introduction of the proposition demonetizing silver until its final passage. During the whole period every possible means was resorted to to give it publicity, and to invite whatever opinion or criticism could aid in coming to a wise and temperate conclusion. It was constantly and emphatically urged by the Secretary of the Treasury. The bill was considered at length by the Finance Committee of the Senate, and the Coinage Committee of the House, during five different sessions of Congress. It was repeatedly read in full in both Houses. It was printed in full, with the amendments, by order of Congress, eleven different times, and twice in addition, in the reports made by the Deputy Comptroller of the Currency. The debates upon the bill in the Senate occupy sixty-six columns of the *Congressional Globe*, and those in the House, seventy-eight columns. During this period, every shade of opinion, both in and out of Congress, was invoked and challenged. Never was a measure more fully, intelligently, conscientiously, and exhaustively considered. Can anything be more incredible than that, in the face of all this, the assertion could be fabricated, and perhaps believed by the greater part of our people, that the bill in question was the result of a conspiracy of capital against labor; that it was gotton up and surreptitiously worked through Congress, advantage being taken of the confusion and incoherence always incident to the close of a session; that it was a monstrous outrage upon popular liberty; that it restricted the people in the use of their natural money, and that they have a right to demand, and should demand, that the *status in quo*, which existed previous to its passage, should be fully and completely restored?

EVILS OF A SILVER STANDARD.

No fact is more universally recognized than that, of two currencies of equal legal competency, the less valuable necessarily drives the more valuable out of circulation. The passage of the pending bill, consequently, must banish gold from the country, and leave us but one standard, and that not only greatly depreciated, but exceptional. For whatever people our exports of silver may be intended, they must, as at the present time, first pass on their way through London, the commercial centre and Clearing House of the world. The standard of England is now practically the standard of the world. All our exports of silver, consequently, must then be sent to that country as merchandise; and so far as debts are concerned, be monetized in it before they can be used. It would be precisely as if we had had no other mode of paying our foreign balances, but by shipments of merchandise to be converted into money at the place where our payments were to be made. For such purposes, silver would not necessarily have any preference over pork or flour. It would constantly fluctuate like these articles, so that an American merchant engaged in foreign trade could never tell how he stood, or the amount of means necessary for the payment of his debts. The very fact that these were to be paid at a certain day, and that a large amount of silver, the money of his own country, but of no other with which he was dealing, was to be thrown upon a foreign market, would exert a powerful influence in aggravating the fluctuations in price to

which it was ordinarily subject. There might be no demand for silver at the time and place of payment, or those desirous of purchasing might combine to prevent competition.

If, on the other hand, the debts of the merchant were to be paid in gold, the creditor would be compelled to accept a specific sum. If our own currency were of gold, then the specific thing that would pay the debt could be forwarded, and the creditor would be obliged to accept it at its nominal value, no matter how great the plethora of money might be, and however much he might prefer to leave the debts unpaid for the sake of the accruing interest. To adopt, therefore, a money, exceptional both as to kind and the manner in which its competency is estimated, is to throw away the very agency chiefly instrumental in building up commerce and wealth, and a civilization so full of the comforts, amenities, charities, and virtues of life. So far as our foreign commerce is concerned, it is not of the least consequence whether our money be coined at its bullion value, or at only one-half of such value. It will, in all foreign markets, circulate only at its value—that is, not at its legal-tender value, but at its purchasing power. It will circulate at home only at its value, except in the payment of such debts as may happen to be outstanding at the time. If a silver dollar be coined at ten per cent. less than its actual value, it will be received in the purchase of other articles only at such discount. If the length of a yardstick should be reduced one-third, the material measured by it, though called a yard, would have its value reduced one-third. Money is not a scale of valuation, a mode of computation, retained by one of the parties to a sale, but one of the things exchanged. All this is so palpable that were it only proposed to coin silver at its actual value, the whole question would be instantly discharged of all the heat and feeling which now surround it, and would be discussed on all sides as deliberately and temperately as if it were a question in mathematics or chemistry.

The proposed bill, therefore, by making a standard of value for ourselves differing from that of other nations, will have the effect to throw us out of relations with all. Our whole commerce with them will then be in the form of barter, with all the isolation which this implies. We shall at once take a subordinate position in reference to all, and this, too, at the very moment when our own, among other nations, is laboring so persistently and earnestly to unite all in closer bonds by a system of coinage and a standard common to all.

A silver standard will be as mischievous in the domestic as in the foreign commerce of the country. Its value will be determined not by the use to which it is put at home, but by the price of silver bullion as merchandise in London, the great market of silver for the world. The daily fluctuations there will be the daily fluctuations here. The result will be that no one could be certain that the value of the standard would be the same in any two transactions. Every one, consequently, would always endeavor to protect himself by demanding an exorbitant price for what he had to sell, in order to meet the fluctuations in the value of the money he was to receive. It is in this way that, with a fluctuating standard, all the operations of society are speedily reduced to the hazards of speculation or of games of chance.

ANSWERING SILVER ARGUMENTS.

The grounds urged in favor of the proposed silver measure are next referred to—that prior to February 12th, 1873, silver dollars were, equally with gold, legal tender; that those owing debts contracted previous to that period have a right to pay them in the same number of grains or ounces of silver in which debts could then have been paid, and that the Government should now remonetize this metal for this purpose It may be answered, says the memorial, that though nominally legal tender, no provision was made by the Government by which it could be used as such. The total coinage of silver dollars, which of silver were alone legal tender after 1853, amounted to but $8,045,838, while their value was so far above the gold standard that they never existed as money. Their high value sent them at once to the melting-pot. Practically, and most fortunately, the nation never has had but one metal for its standard. There was, consequently, no more necessity for interposition for the purpose of reconciling the value of silver and gold as money

than there was in England after the Act of 1816. Where two metals are equally used as legal tender, the greatest care is always taken to maintain one standard. Nothing can be more abhorrent to the interest and ideas of society than widely different standards, whether of value, extension or quantity. If gold and silver had been equally used as standards in this country, and of equal value, Government would have interposed in 1861, when the value of silver was two per cent below what it was in 1859; also in 1873, when its rate was 1.79 per cent below that of 1872; and again, in 1874, when its value was 1.60 below that of 1875. Otherwise the greatest confusion and embarrassment would have been the result, and silver would have become the sole metal used, gold being driven out of the country. Had both been legal tender, every change in value would have been immediately corrected in the coinage. The attempt would have been made to reconcile their value for the United States, precisely as it is now proposed. by convention, to reconcile their value for the whole world. In such case, the fall, no matter how great for a series of years, could not, to any considerable extent, have inured to the benefit of any one class. In other words, the pretext now put forth could never have had an existence. All would have been obliged to pay their debts very nearly at the consideration received. Why should they not now be so paid? What is the duty of all tribunals but to hold parties to the intent and spirit of their contracts? Can there be any other or higher rule? If Government interpose, can it be upon any other ground than that the losses suffered by one class will not occasion an inconvenience or suffering corresponding to the advantage to be gained by the other? But is it certain that a greater amount of relief than of suffering would result from the proposed measure? Instead of there being, as is commonly supposed, a comparatively few creditors among the great mass of the people, the very reverse is the case. There are in the New England States, New York and New Jersey, 2,203,272 depositors in savings banks, the aggregate of whose deposits equals $786,183,542 —a sum exceeding by $500,868,318 the total corporate capital of the National banks of these States, and by $306,715,771 that of all the National banks in the United States The average amount deposited by each person equals $357. The debtors to these depositors are bankers, manufacturers and owners of real estate. The number of the latter will not exceed 30,000. For every debtor at the savings banks, there are therefore at least 700 creditors. Should silver be monetized at the rate proposed (say 90), the loss to the depositors in the savings banks of the State named—a class belonging almost wholly to the laboring people, and whose deposits are their all—would equal $78,618,354! Shall such a monstrous wrong be inflicted on this numerous class of our citizens for the benefit of another far less needy and numerous, and certainly no more deserving?

The majority of the citizens of the United States, to-day, are laborers for wages in some form. They, with their families, constitute a majority of our population. If the purchasing power of money be reduced, their compensation would be reduced. As the nominal rate of their wages would long remain unchanged, every day would something be foregone in consequence of the depreciation of the money. In time they might get some relief, but only by demonstrating that they no longer could subsist on their reduced compensation. Whatever the disturbance and disaster to follow the demonetization of silver, they would be the first to feel the effect. They have no mode of escape. They cannot well change their places or occupations, but must toil on. as best they can, through all the calamities that befall them. The products of their labor when gathered up into the great reservoirs, constitute the capital of the United States. Upon them, in fact, rests the great fabric of society. To every one of them the monetization of silver would be an unmitigated evil. The difference between the nominal and the real value of the coins, they would be compelled, in great measure, to make up. Will Congress impose upon those whose lives are, of necessity, already condemned to severe toil, vastly heavier burdens, and subject them to new disasters, which must result from the passage of the proposed measures, for the benefit of those involved in debt; or of those who, as the favored owners of mines, seek to swell into still vaster

dimensions that fabulous wealth which is, even now, the wonder of the world?

Such are some of the reasons which induce the undersigned to remonstrate most earnestly, not only against the passage of the so-called "Bland Bill," but against the remonetization of silver, so as to make it, equally with gold, a standard of value and legal tender in all transactions. * * * The proposed measure will not increase the amount of money in the country by a dollar. It will debase whatever we have, for the benefit of a single—and by no means the most numerous—class of our people. It is just as important that the measure of value be uniform one period with another, as that measures of extension and quantity should be uniform. Of all the disturbing causes to which society is subject, none are so speedy and fatal in their result as fluctuating standards of value—of those instruments by means of which exchanges are effected. The moment they cease to be uniform in quantity and value all the operations of production and distribution are brought to a stand. It is unnecessary to cite examples. Our own experience, unfortunately, is too full of them. It has been demonstrated, most conclusively, for many years past at least, that silver has not been fitted to serve as the standard of values; and that had it been used as such, the gravest disasters would have overtaken the Nation. If such, which no one can deny, would have been the result, is not the first step to be taken, instead of making silver the standard for the future, to inquire whether the infirmity it has shown in the past is likely to contiuue? If so, however much opposed to the opinions or wishes of a numerous class among us, there is but one conclusion to which all must come. If such inquiry cannot be answered most conclusively in the negative, your memoralists submit, that our present system, against which, so far as it relates to metallic money, not a breath of censure has been or can be raised, should be maintained, instead of our entering upon an experiment from which no good can possibly result, but which seems certain to involve the Nation in almost infinite confusion and loss.

The memorial is accompanied by numerous tables in proof of the statements of the petitioners and is signed by the following:

GEO. S. COE, CHARLES M. FRY, WILLIAM L. JENKINS, J. D. VERMILYE, F. D. TAPPEN, Committee on behalf of Banks in New York.

JAMES H. BEAL, FRANKLIN HAVEN, THOMAS LAMB, Committee on behalf of Banks in Boston.

CHARLES H. ROGERS, JOSEPH PATTERSON, EDWIN M. LEWIS, Committee on behalf of Banks in Philadelphia.

HENRY A. THOMPSON, ENOCH PRATT, HENRY JAMES, Committee on behalf of Banks in Baltiomre.

BANK TAX RELIEF IN THE STATE LEGISLATURE.

Introduced by Senator Pomeroy in the New York State Legislature, and reported with a recommendation that it pass into a law.

AN ACT to provide for the review and correction of illegal, erroneous and unequal assessments.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

SECTION 1. A writ of certiorari may be allowed by the Supreme Court on the petition duly verified, of any person or corporation assessed and claiming to be aggrieved, to review an assessment of real or personal property for the purpose of taxation, made in any town, ward, village or city of this State, when the petition shall set forth that the assessment is illegal, specifying the grounds of the alleged illegality, or is erroneous by reason of over valuation, or is unequal in that the assessment has been made at a greater rate of valuation than other real or personal property on the same roll by the same officers, and that the petitioner is or will be injured by such alleged illegal, erroneous

or unequal assessment. When the alleged illegality, error or inequality affects several persons in the same manner, who are assessed upon the same roll, they may unite in the same petition, and in that case the writ may be allowed, and the proceedings authorized by this act had in behalf of all such petitioners.

SEC. 2. Such writ shall only be allowed by a special term of the Court in the judicial district in which the assessment complained of was made, and shall be made returnable at a special term in the same district Unless application for such writ be made within fifteen days after the assessment roll has been completed and certified, the writ shall not be granted. A writ of certiorari allowed under this act shall not stay the proceedings of the assessors or other officers to whom it is directed, or to whom the assessment roll may be delivered to be acted upon according to law, unless the Court allowing the writ shall so order.

SEC. 3. The Court shall prescribe in the writ the time within which a return thereto must be made, which shall not be less than ten days, and may extend such time. The assessors, or other officers making a return to such writ, shall not be required to return the original assessment roll, or other original papers acted on by them, but it shall be sufficient to return certified or sworn copies of the roll or other papers, or of such portions thereof as may be called for by such writ. And the return may concisely set forth such other facts as may be pertinent and material to show the value of the property assessed on the roll, and the grounds for the valuation made by the assessing officers, and the return must be verified.

SEC. 4 If it shall appear by the return to such writ that the assessment complained of is illegal, erroneous or unequal for any of the reasons alleged in the petition, the Court shall have power to order such assessment, if illegal, to be stricken from the roll, or if erroneous or unequal, to order a reassessment of the property of the petitioner, or the correction of such assessment, in whole or in part, in such manner as shall be in accordance with law, or as shall make it conform to the rate of assessment applied to other real or personal property in the same roll, and secure equality of assessment. If, upon the hearing, it shall appear to the Court that testimony is necessary for the proper disposition of the matter, the Court may take evidence, or may appoint a referee to take such evidence as the Court may direct, and report the same to the Court, and such testimony shall constitute a part of the proceedings upon which the determination of the Court shall be made.

SEC. 5. A new assessment, or correction of an assessment made by order of the Court, shall have the same force and effect as if made within the time originally prescribed by law for making such assessment. When judgment has been given upon one writ of certiorari under this act, the Court may, upon motion dismiss all other proceedings to correct the same assessment. Disobedience to a writ or order in any proceeding under this act may be punished by the Court as for a contempt.

SEC. 6. Costs shall not be allowed against assessors or other officers whose proceedings may be reviewed under this act, unless it shall appear to the Court that they acted in bad faith or with malice. If the writ shall be quashed, or the prayer of the petition denied, costs shall be awarded against the petitioner, but the costs shall not in any case exceed the costs and disbursements taxable in an action upon the trial of an issue of fact.

SEC. 7. An appeal may be taken by either party from an order or determination under this act as from an order, and shall be heard and determined in like manner. All issues and appeals in any proceeding instituted under this act shall have a preference over all other causes and proceedings in all Courts.

SEC. 8. Pending the review of an assessment under this act, the collection of any tax, or prospective tax, levied or liable to be levied on such assessment may be suspended, in the discretion of the Court, by the execution of a bond by the petitioner to the people of the State of New York, in a penalty double the amount of the tax, or prospective tax, as near as can be known or estimated, with satisfactory sureties, to be approved by the county judge of the county, or a justice of the Supreme Court, conditioned for the payment to said people of such tax, or prospective tax, or such portion thereof as such petitioner shall

finally become liable to pay by reason of such assessment, and for the payment, in case the assessment shall be sustained, of interest on such suspended tax at the rate of twelve per cent. per annum. Such bonds shall be filed with the county clerk, and the amount thereof shall be docketed as a judgment against the obligors, and shall have the lien and force of a judgment to the same extent as bonds of tax collectors. In case of default in the payment of the tax or of failure to collect the same by warrant after the final decision in the proceeding to review the assessment, the District Attorney of the County shall forthwith prosecute such bond, and all moneys collected thereon shall be paid to the proper officer or authority entitled to such tax.

THE SILVER BILL.

The following is the text of the Silver Bill which passed the Senate on February 16th, and the House of Representatives on the 21st:

An Act to authorize the coinage of the standard silver dollar, and to restore its legal-tender character.

Be it enacted, etc., That there shall be coined, at the several mints of the United States, silver dollars of the weight of 412½ grains troy of standard silver, as provided in the Act of January 18, 1837, on which shall be the devices and the superscriptions provided by said Act, which coins, together with all silver dollars heretofore coined by the United States of like weight and fineness, shall be a legal tender, at their nominal value, for all debts and dues, public and private, except where otherwise expressly stipulated in the contract. And the Secretary of the Treasury is authorized and directed to purchase, from time to time, silver bullion, at the market price thereof, not less than $2,000,000 worth per month, nor more than $4,000,000 worth per month, and cause the same to be coined monthly, as fast as so purchased, into such dollars; and a sum sufficient to carry out the foregoing provision is hereby appropriated out of any money in the Treasury not otherwise appropriated. And any gain or seigniorage arising from this coinage, shall be accounted for and paid into the Treasury, as provided under existing laws relative to the subsidiary coinage; *Provided*, That the amount of money at any one time invested in such silver bullion, exclusive of such resulting coin, shall not exceed $5,000,000; *And provided further*, That nothing in this Act shall be construed to authorize the payment in silver of certificates of deposit issued under the provisions of Section 254 of the *Revised Statutes*.

Sec. 2. That immediately after the passage of this act, the President shall invite the Governments of the countries composing the Latin Union, so-called, and of such other European Nations as he may deem advisable, to join the United States in a conference to adopt a common ratio as between gold and silver, for the purpose of establishing, internationally, the use of bi-metallic money, and securing fixity of relative value between those metals; such conference to be held at such place, in Europe or in the United States, at such time within six months, as may be mutually agreed upon by the Executives of the Governments joining in the same, whenever the Governments so invited, or any three of them shall have signified their willingness to unite in the same. The President shall, by and with the advice and consent of the Senate, appoint three commissioners, who shall attend such conference on behalf of the United States, and shall report the doings thereof to the President, who shall transmit the same to Congress. Said commissioners shall each receive the sum of $2,500 and their reasonable expenses, to be approved by the Secretary of State; and the amount necessary to pay such compensation and expenses is hereby appropriated out of any money in the Treasury not otherwise appropriated.

Sec. 3. That any holder of the coin authorized by this act may deposit the same with the Treasurer or any Assistant Treasurer of the United States, in

sums not less than $10, and receive therefor certificates of not less than $10 each, corresponding with the denominations of the United States notes. The coin deposited for or representing the certificates shall be retained in the Treasury for the payment of the same on demand. Said certificates shall be receivable for customs, taxes and all public dues, and, when so received, may be reissued.

SEC. 4. All acts and parts of acts inconsistent with the provisions of this act are hereby repealed.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. CHECKS TO BEARER, WITH SPECIAL INDORSEMENT.

Please let me know through your next issue, if a bank is bound to recognize special indorsements on back of a check drawn to *bearer*, if made either by original payee, or any subsequent holder? Would the bank be held harmless if such a check was paid without the indorsement?

REPLY.—We think it would. A check payable to A B, or bearer, is not the less payable to bearer, because it is also payable to A B. And being payable to bearer, the bank is only bound to see that the signature of the drawer is genuine.

The fact that A B or some other person, into whose hands the check has come before presentment to the bank, has specially indorsed it, cannot either restrict the negotiability of the check, or impose any duty upon the bank, greater than the drawer has done.

A B, or any other holder, may use the check to pay a debt of his own, and may naturally, in such case, have been called upon to indorse it. And he may prefer to indorse it specially, because, by so doing, he only renders himself liable *as indorser*, to one who derives a title to the check through his indorsement; or for other reasons. But the rights and duties of the bank in respect to the check ought not to be affected by the special indorsement, still less so in case that the special indorsement should not have been observed by the teller before payment of the check.

II. SIGNATURES, OFFICIAL AND INDIVIDUAL.

I have enclosed two checks supposed to be alike, with the exception of "Superintendent" added to the signature of one of them.

The dispute I wish to settle is whether a bank can charge check No. 2, to an account that check No. 1 calls for; or in other words, would it be proper to charge "J. Smith, Superintendent," to "J. Smith?"

REPLY.—If there are *two* accounts, represented by those signatures respectively, as a general rule, a check signed "Smith, Superintendent" can not be charged to Smith, or *vice versa*.

But we suppose if it should turn out, after paying a check signed Smith, Superintendent, that there were no funds to the credit of that account, and a *personal* liability for such over-draft on the part of Smith was thereby created, then the bank, by virtue of its general lien upon the funds of a depositor, might charge the check signed "J. Smith, Superintendent," to the account of J. Smith.

III. Paper Payable "With Exchange," etc.

Please give me your opinion, or any decision you may know of regarding the legal significance of the following terms when used on checks, drafts, etc.: "With exchange," "in exchange," in "New York Funds," or "at par." Are the three latter terms synonymous with the former? For instance, A makes his check on B (a banker), for one hundred dollars, "in exchange," "at par," or "in New York funds," as the case may be, can B add the customary rate of "exchange" to the check, and charge it in the account of A, the same as though the check read "with exchange?" A specific definition of the terms will greatly oblige.

Reply.—The banker is certainly justified in charging to drawer's account the premium as well as the face of a check payable "in exchange," if there be such premium at time of presentation.

We have never heard of the term "at par," in this connection. The phrase means simply, funds current or bankable at the time and place of payment. It is apparently a relic of former days, when uncurrent money formed a large part of the currency with which purchases and payments were made among merchants.

So many inquiries have been made respecting these "exchange" stipulations, that we give at some length their legal aspect.

At most interior points New York funds are generally at a premium; while purchases of goods in New York are payable in funds at par here. When, therefore, a draft drawn, or note given for such purchase, is made payable at some interior point, the words "with current rate of exchange on New York" are generally added. The other phrases quoted are practically the same, but they are sometimes changed to "in exchange on New York," for the purpose of enabling the drawee or payer to take up the paper with a check on New York, at its face. The regular understanding is that the face of the paper and the premium, if any, added, are to be paid in funds current at the place of payment.

Some remarks upon the legal effect of these phrases, will be found in our last October and February numbers.

The decisions are conflicting. It is held in the following cases, that they destroy the negotiability of the paper in which they are used:

Philadelphia Bank vs. *Newkirk*, 2 Miles, 442; *Read* vs. *McNulty*, 12 Rich. (Law), 445; *Russell* vs. *Russell*, 1 McArthur, 263; *Lowe* vs. *Bliss*, 24 Ill., 168.

But this is denied in the following cases: *Smith* vs. *Kendall*, 9 Mich. 241; *Leggett* vs. *Jones*, 10 Wisc., 34; *Bradley* vs. *Lill*, 4 Biss, 473.

No rule of law is better established than the one, that bills, notes, and checks must be drawn for a *sum certain*.

Aside from purely legal considerations, we think the rule is based upon sound policy, and that the cases first cited were correctly decided. Commercial paper is intended to pass from hand to hand like Treasury notes or bank bills, and anything in the paper which makes the sum to be paid uncertain, is, to a greater or less extent, a hindrance to its negotiability, and to its use as a substitute for money. Where the words, "with exchange," are used without more, and the paper is payable where drawn, it has been held in Illinois, that they may be rejected as surplusage, there being in such case no exchange.

When the phrase "in exchange" is used, although, in practice, those words are understood to be equivalent to "with exchange," still, the paper then, by its terms, becomes payable in something other than *money*, and so violates another rule of law, and ceases to be negotiable.

IV. The Rights of Holder of Check.

A gives B his check on this bank, dated January 2, 1878, for $ 1,000. On the 16th day of January, A fails and makes an assignment, and notifies this bank in writing. At the same time the assignee calls, and has the pass book written up, which shows a credit balance of $ 1,050 to A. Meanwhile, B has not sent in his check for payment, but on the 18th day of January the check comes in through the mail for payment, having passed through various banks.

Should this check be paid, or protested? Was, or was not, the check of $ 1,000 *an assignment* to B *prior* to the general assignment, and should it take precedence?

Reply.—It is well settled law that the mere drawing of a check against a general deposit of the drawer (whether the check be for a sum greater, or less, or exactly equal to the amount of the deposit), does not work an assignment of the deposit, or any part of it. *Chapman* vs. *White*, 6 N. Y., 412; *Loyd* vs. *McCaffery*, 46 Penna. St., 410; *Bullard* vs. *Randall*, 1 Gray, 605; *Dana* vs. *Third National Bank*, 13 Allen, 445; *Bank of Commerce* vs. *Bogy*, 44 Mo., 13; *Bank* vs. *Millard*, 10 Wall., 152. And as, in this case, the bank was notified of the general assignment, before the check was presented, it could not pay the check out of that deposit.

It is said in *Bank* vs. *Bogy*, 44 Mo., 13, that a check drawn for the exact balance in a banker's hands, will work an equitable assignment thereof without an acceptance of the check by the banker, if it can be shown by other evidence that such was the intention of the parties, *i. e.* the drawer and payee. But this is doubted by the Supreme Court of Massachusetts, and we think with good reason.

It is the duty of a bank to pay its customers' checks in the order of their presentation. And if, after drawing a check for the exact amount of the deposit, and agreeing with the payee that this should be an assignment thereof, he should draw another check, which should be presented to and paid by the bank, in the regular course of business, before and without notice of the earlier check, then the bank must lose the amount it has paid, if the first check was an assignment of the deposit. We think it more in accordance with the principles of commercial law to hold, that a check can never be an assignment of funds in the hands of a banker, until the banker shall have accepted it.

V. No Protest Tickets.

I received for collection a draft, to which was attached a slip of paper bearing the words, provided "No protest, take this off before presenting." I forwarded the draft to a correspondent for collection. He disregarded the above notice of "No Protest," and protested the draft, because I did not mention in my letter enclosing the draft, the words "No Protest." Please say who was in error. Was it necessary for me to repeat in my letter the instructions given with the draft?

Reply.—Your correspondent was right in protesting the draft, if the ticket attached was the only waiver of protest. It was his duty to protest, if otherwise he might incur liability for any loss through his neglect to do so. Such a ticket is no legal authority, nor any proper evidence of such authority. It is simply useful as a *reminder*, when instructions to omit protest have been given in proper form.

VI. Items Taxable as Deposits.

Are balances due to banks and bankers subject to tax, the same as deposits? These accounts are composed of collections sent us by other banks. We credit the items on *receipt*, and remit, say twice a month. This, of course, leaves a balance due the other bank; is this balance subject to tax? These balances are not subject to check!

Reply.—All balances due to banks and bankers are subject to tax as deposits. That such balances may consist of sundry items, held a few days for the sake of convenience of remitting, does not alter the fact that the bank has the use of the money for the time being, just as if it had been *deposited*. The point that these balances are not subject to check strengthens, rather than otherwise, the view that they are liable to taxation.

BOOK NOTICES.

The Statesman's Year Book. Statistical and Historical Annual of the States of the Civilized World for the Year 1878. By Frederick Martin: London and New York, Macmillan & Co., 1878.

The fifteenth annual volume of this publication, which is revised after official returns, comes freighted, as usual, with a striking array of facts and figures. It presents the existing condition of all civilized countries—their Constitution, Government, Church and Educational systems, Revenue and Expenditure, Army, Navy, Area, Population, Trade and Industry, Railways, Post Office and Telegraphs, Diplomatic Representation, Weights and Measures, and a list of Books of Reference, from which to learn further details of each nation.

Mr. Martin's reputation as a careful statistician is well established. The present volume reflects still higher credit upon his fidelity to and zeal for the task which he has so fitly undertaken. A valuable addition to the work is the Chronicle for the year 1877, which is a record, in very concise shape, of current events throughout the world. The book is, in fact, a library in itself, and is one which the student of affairs may well regard as a *vade mecum*.

Field on The Law of Private Corporations. A treatise on the Law of Private Corporations, by George W. Field, author of "*A Treatise on the Law of Damages*," etc., etc. Albany: John D. Parsons, Jr. Pp. 789.

This treatise will be welcomed not only by the legal profession but by all whose interests are indentified with the existence and welfare of corporate institutions. That such a work is needed and timely is not to be doubted.

Mr. Field's statement of the law is fresh and clear, and is illustrated by elaborate notes, which give the decisions of all the State and Federal Courts. His work is very thoroughly done. The organization, nature and character of corporations, the rights, duties and obligations of members, stockholders and directors, and of officers and agents generally, are treated

at length; the law relating to stock, to corporate meetings, to corporate contracts and by-laws, is stated with unusual fullness. The history of banking corporations, the power of Congress to create, the sovereign authority of legislatures and the National banking law, have prominent place in this treatise. Among other subjects are the liability of corporations for torts; suits at law by and against corporations; suits in equity by and against corporations and directors; execution and appointment of receivers; amalgamation and consolidation; eminent domain; quo warranto; liens on corporate property, and their priority; dissolution; mandamus; taxation, negligence and wrongful acts of agents or servants. The table of cases cited covers over forty closely-printed double-column pages, and includes more than seven thousand authorities.

An American Almanac and Treasury of Facts, Statistical, Financial and Political, for the year 1878. Edited by AINSWORTH R. SPOFFORD, Librarian of Congress. New York and Washington: The American News Company. Pp. 420.

The first sentence in the preface of this work is an apt presentation of its object and plan: "This volume aims to supply a want long felt for a compact and comprehensive reference book, giving the statistics of all nations, and especially of the United States at the latest date and at a moderate price."

The want here recognized, has indeed been felt, both long and keenly, especially by those who have frequent occasion to hunt through scattered documents, often difficult of access, for facts such as are here collected together. The tables of statistics are many in number and comprise a range of subjects which has been compassed in no similar work. Political information occupies a prominent place, and the summary of popular and electoral votes for President and Vice President is especially full and complete. Financial and commercial topics are amply illustrated by copious statistics. Besides these bristling columns of figures, there are several interesting articles, among which are the Curiosities of Statistics, Strikes, past and present, and one upon the Silver Question, which presents with entire fairness the arguments upon both sides thereof. It is to be hoped that Mr. Spofford will continue from year to year the work which he has undertaken with such good judgment and carried out with so much success.

The Financial Review for 1878. New York: William B. Dana & Co.

This standard work presents as usual its excellent summary of financial statistics. The tables cover a wide range of commercial and monetary information, especially in regard to State, Municipal, and Railroad indebtedness and securities. The Investor's Supplement is a valuable addition to this very useful book, which furnishes data, succinctly presented, a large part of which is not to be found in any other publication.

BANKING AND FINANCIAL ITEMS.

Are The Faithful Forgotten?—Some months ago we mentioned that an attempt had been started to provide a fund for the widow of Mr. R. A. C. Martin, the Cashier who was murdered by robbers at his post in the Bank of Columbia, Kentucky. We learn with much regret that nothing has been contributed save the small sum of about $400, by Kentucky banks. Mrs. Martin, a most estimable lady, is living in Shelbyville, Ky., in poverty and suffering. There ought to be an adequate fund raised for her relief. The Kentucky National Bank, Louisville, will receive and transmit all contributions to this excellent object, and we trust that this appeal will not be neglected by the banks throughout our land.

New York.—The Commercial Bank, at No. 38 Pine Street, for some time, has been reducing its business preparatory to winding up its affairs. An examination was recently made by an examiner appointed by the Bank Department of the State, and his report shows that the assets are sufficient to pay the creditors in full, but the stockholders will suffer considerable loss.

The following notice was posted at the bank on January 29th. "By order of the Directors, this bank is closed for business. The depositors will be paid on demand, and they are requested to draw their balances promptly."

The bank was organized in 1875, with a capital of $100,000. It was a bank of discount and deposit, and its difficulties are ascribed to the general depression in business.

The German-American Bank.—The directors of the German-American Bank have resolved to ask the stockholders for authority to reduce the capital of $1,000,000 to $750,000. This step is caused by the impairment of the capital through losses in years past and from the depreciation in value of Government bonds, of which the bank holds a large amount. It is expected that the necessary authority will be obtained, and the capital formally reduced within a few weeks.

Responsibility of Bank Officers.—The directors of the Hibernia Savings bank, St. Louis, in liquidation, have commenced proceedings against John J. Fitzwilliam, former cashier of the bank, and his bondsmen. The directors allege the injudicious expenditure of many thousands of dollars, and that Fitzwilliam allowed several depositors to overdraw their accounts in large sums. If the bond is responsible for the cashier's lack of judgment the bank will recover a large sum. The suit is regarded as one of considerable importance in banking circles.

Heavy Defalcation.—On the afternoon of February 6th, it was announced in Wall Street that a defalcation of $100,000 had been discovered in the Bank of North America, by the Bank Examiners. The report was corroborated, the fact being that on the morning of Saturday, the 2d of February, upon the beginning of an examination by the Bank Department, the Paying Teller, Augustus M. Turney, confessed that he was a defaulter to the amount of $100,600. Turney had been in the service of the bank twenty-five years and was regarded with entire confidence. He was arrested and imprisoned for trial. The defalcation extends over a series of years.

The Bank of North America was chartered in 1851, and went into the National system in 1864, but in 1869 it was reorganized as a State bank. Its capital is $1,000,000. The official examination resulted in finding an impairment of capital to the amount of $283,103.59, and a discrepancy of $356,000 between the reported condition of the institution and the examiner's estimates.

The accumulated losses of the bank for years past were carried along without recognition, and the original figures still counted as good, instead of being charged up, or marked down, to the values of to-day.

The losses of the bank have been occasioned, the examiners say, by the following causes:

Over-certification to a large extent for favored dealers, who in a moment of crisis or panic have used this favor to save themselves at the expense of the institution. In this way occurred the Meyer loss of $209,000 in 1866, and the Williams overdraft of $451,000 in the panic of 1873.

By advancing upon unmarketable securities not of a solid or generally known intrinsic value.

By inefficient supervision within its own walls. The management had become lax. Had the cashier maintained the ordinary checks by one clerk upon another, in the book entries, and in the custody of the cash items, and had the tellers been accustomed to unexpected examinations by him of their accounts, the grave defalcation could not have gone on, without discovery, increasing for more than eight years.

The paying teller made up his cash and added up his entries day after day without supervision. As his embezzlement increased, he concealed it by reporting a larger amount of legal tenders than actually on hand, and by altering the addition of his daily balance book. When examinations were made by the directors he had no difficulty in hiding it until it reached the sum of $65,000 in 1874. He then asked and received the assistance of the second teller in the concealment. The latter lent his coöperation not only the first time, but again and again thereafter, while he saw meanwhile $35,000 more added to the sum previously abstracted.

On December 15th last, $19,000 was taken, making then $100,000, a figure easily carried upon the books.

The report says that the responsibility for the past and for the future rests upon the trustees as well as upon the officers. If a single one of their number had earnestly and intelligently done his duty in the examinations, in the meetings, and in the general supervision, the laxity of management might have been corrected, and the improper loans, the dangerous certifications, and the teller's embezzlement might all have been checked in time.

At a meeting of the Board of Directors of the bank, held on February 14, the resignations of Messrs. W. E. Case and F. J. Hosford were received and accepted. Messrs. Julius Hallgarten, of Hallgarten & Co., Myron P. Bush, President of the Marine Bank of Buffalo, and Henry H. Cook, President of the First National Bank of Bath, N. Y., now a resident of this city, were elected directors.

CALIFORNIA.—The Vallejo Savings and Commercial Bank, which suspended on September 28th, 1876, resumed business in full on January 8th, 1878. During the interval it has liquidated an indebtedness of nearly $250,000, and, on its resumption has on hand cash enough to pay all depositors in full, with further assets amounting to $75,000.

San Francisco.—A change has occurred in the Pacific Bank, Dr. R. H McDonald having been elected Vice-President, and Mr. S. G. Murphy, Cashier.

KANSAS.—A run of several days' duration caused the temporary suspension, on January 30th, of the Topeka Bank, of Topeka. A committee was appointed by the depositors to examine the affairs of the bank, and found the assets to be about double the liabilities. The bank resumed business on February 4th, without outside help.

On January 31st, the run on the Topeka Bank caused the closing of the Citizens' Bank of North Topeka. This bank also resumed business on February 15th, paying all accounts in full, as demanded.

MASSACHUSETTS.—The Haydenville Savings Bank, of which Joel Hayden is the President, has suspended payments to depositors on call, requiring the thirty days' notice provided by law. The announcement of Joel Hayden's failure, and his connection with the bank, caused a heavy run upon it.

The Dorchester Savings Bank, of Dorchester, and the Rockport Savings Bank, were both enjoined, on February 9th, from doing further business, their condition being considered unsafe.

The Dorchester Bank has deposits of $440,989, which will probably be paid in time, and the same may be said of the Rockport Bank, which has deposits of $192,060 Their suspension is due to the gradual decrease of business and the decline in the value of real estate investments made by them.

MARYLAND.—At the Criminal Court of Baltimore, on February 18th, began the trial of Samuel Barth, Felix A. Savin, Charles Harvey, William H. Strauss, J. C. De La Mar, William P. Buckmaster, M. A. Savin and J. M. Baldwin, who were connected with the Union Banking Company of Baltimore This bank suspended in October last, and these parties were indicted for conspiracy to defraud. Buckmaster, De La Mar and Baldwin are New York parties who purchased the bank just before the suspension, and have been in prison since their indictment and arrest. A formidable array of counsel are engaged.

MINNESOTA.—Messrs. Eddy & Erskine, of Plainview, have established at Fargo, D. T., the First National Bank, with a capital of $75,000. Mr. E. C. Eddy will be cashier of this bank, his place as cashier of the Plainview Bank being filled by Mr. Henry Amerland. Messrs. M. B. Erskine and N. C. Stevens, of Racine, Wis, having been admitted into the firm at Plainview, its style is now Eddy, Erskine & Co.

MISSOURI.—The First National Bank of Kansas City failed to open its doors on January 30, the following notice being issued on the previous night:

"At a meeting of the Board of Directors of the First National Bank of Kansas City, held this evening, it was voted that the bank discontinue business. This step is rendered necessary by a shrinkage in our deposits of over $350,000 within the last few days, added to the continuous very large reductions of the last few months, aggregating a much larger amount, and by the prospect of a continuance of the prevalent monetary distrust. The affairs of the bank will be rapidly liquidated, and the depositors may rest assured that, in due time, they will be paid in full."

The closing of the bank took the entire community by surprise, and there was great excitement. A heavy run on other banks followed, principally on the Mastin Bank, which paid every depositor in full, and announced that they were prepared for every emergency.

NEW HAMPSHIRE.—On account of the failure of Boston parties, owing the Somersworth Savings Bank a considerable sum, the Bank Commissioner has ordered a suspension of payments. The trustees believe there will be no ultimate loss to depositors.

The City Savings Bank of Manchester, has been forbidden to pay out any more money, and a receiver will be appointed to wind up its affairs. This will not affect the discount bank doing business under the name of the City National Bank.

NEW JERSEY.—The Plainfield Savings Institution closed its doors on Saturday, February 16th. Since January 1 about $100,000 of the deposits have been withdrawn, and to save the rest the officers applied to the Chancellor for a receiver, and were enjoined from receiving or paying money. The bank statement, January 1, showed bonds and mortgages to the amount of $230,000, and a surplus over liabilities of $6,000.

The Rahway Savings bank is in trouble, and is understood to have applied to the Chancellor for an order of relief similar to that granted to the Newark and other institutions for savings. The bank holds $185,000 in Rahway water bonds, which the directors expect to be able to dispose of at par, if not at a premium, and in time to tide over the difficulty, but the greater part of its securities is in mortgages and liens which cannot be realized readily. The liabilities are $709,209, and the assets $753,856, showing a surplus of $44,647.

On February 18th, came up for trial the case of the *State* vs. *Jacob R. Freese, Harry C. Freese, and Louie K. Freese*, on the charge of embezzling the moneys of depositors in the State Savings Bank of Trenton. The three defendants appeared, and, retracting their plea of not guilty, pleaded *non vult*. They entered into a recognizance to appear for sentence.

Jersey City.—The International Trust Company of Jersey City suspended business on February 11th, under an order from Chancellor Runyon. The order was applied for by some of the officers of the bank, who, although there is a large surplus, do not believe the bank could stand a heavy run, or safely continue paying its depositors on demand. They state that the assets in mortgages, loans and property amount to $315,572, the liabilities $191,433, due depositors, $154,333, and loans, $37,100. There is a surplus of about $124,000, but much is in mortgages and cannot be quickly called in. The Chancellor therefore granted the petition, and ordered that nothing be paid out without an order from the Court.

New York.—The Bank of Lansingburgh went into the hands of a receiver in March, 1877, Mr. A. E. Powers being appointed. Until it is determined whether the bank can resume again or not, its place and its banking-house are taken by Messrs. D. Powers & Sons, whose New York correspondent is the National Park Bank.

Vermont.—About the end of January the directors of the Brandon National Bank discovered that their cashier. D. C. Bascom, had lent over $60,000 to an irresponsible party, J. H. Batchelder, of Lincoln, Vt., without proper security, nearly half of which sum is alleged to be upon raised notes; that he has also let out some $40,000 which is a total loss. The bank loses about $100,000, which loss, however, will be reduced by whatever it may realize from restitution by Batchelder and the cashier. The surplus of $80,000 is, however, doubtless wiped out.

The matter was brought to light by the election of directors who were opposed to the former management, and who, as stockholders, had been refused access to the books. Bascom left the place, although no evidence has been secured of his being personally benefited by the operations. A new cashier is in charge and the bank is in operation as usual, the directors being both determined and able to keep it in sound condition.

Mechanical Engineering.—Those of our readers whose interests lead them to seek competent skill in the construction of suspension bridges, are referred to the advertisement of Mr. Thomas M. Griffith, in the supplement to our present number. Mr. Griffith has built, among others, the suspension bridge at Minneapolis, Minn., and that at Waco, Texas. The antagonism existing between him and certain municipal "rings" is no mean testimonial to the fidelity with which he has done his work. Mr. Griffith's residence is at Newtown, Pa.

Specie in France.—The question has been raised as to whether the Bank of France has yet formally resumed specie payments, according to the arrangement for the beginning of this year. Our Paris correspondent informs us that the forced circulation of notes is, however, unquestionably at an end, and to revive it a Parliamentary bill would be necessary, although no notice of the resumption of specie payments has been given. The debt of the State was reduced to 300 millions on the 1st January, as required by the law, the small balance of 750,000 francs representing only interest. But in a business light the cessation of the theoretically forced currency has no present importance. Recently, up to this year, the Bank of France had the option of paying notes to those who asked for money, although it often paid out gold and silver. The only change is that, instead of having three alternatives, it now has but two, and must pay either gold or silver to its creditors on demand. The Bank is not likely to force silver into circulation, for that might cause a premium to be placed on gold, and under present circumstances it need not fear to pay gold, for the exchanges are, and have long been, in such a position as to make an export of the latter metal unprofitable. * * * * It may have been remarked in our Paris correspondent's letter of the 20th December that the imports of specie in France during the first eleven months of the year exceeded the exports by over 20 millions sterling.—*London Economist.*

THE BANK OF FRANCE AND THE MEDIUM OF ITS PAYMENTS.—Our Paris correspondent has of late repeatedly referred to the complaints of an insufficient supply of paper money in France, in consequence of the gradual withdrawal from circulation of the 100-franc notes. It has been generally supposed here that the Bank was paying out gold in exchange for its notes, with a view thereby to escape the tax of 1½ per thousand which the State levies on its note issue. It appears, however, from a correspondence between the Bordeaux Chamber of Commerce and the Governor of the Bank of France, which is published in the *Economiste Français*, that a strong effort is being made to substitute silver for the notes, and to increase the amount of the silver currency in the country. The Chamber complains that while the convenient notes have been almost completely suppressed the country has been flooded with 5-franc pieces in silver, which, though undoubedly of great use in retail transactions, are not suitable for payments of any magnitude. The Bank is strongly entreated to continue its notes in circulation, or if these are to be withdrawn, to issue gold, and not silver, in their place. In reply, the Governor of the Bank announces the intention of the directors to limit the circulation of 100-franc notes to one-fourth of the total note currency; while, as to the issue of silver, he says, "I am unable to concur altogether in your opinion as to the inconvenience of maintaining silver in circulation, and I do not hesitate to ask you rather to use your influence in causing it to permeate amongst the still numerous classes who desire it, but who are prevented from obtaining it in consequenee of the reluctance of intermediaries to burden themselves with it." To this the Chamber answers that the proposed limitation of the 100-franc notes will reduce the amount of the paper currency by £20,000,000, and asks whether if by this means "the Bank of France succeeds in substituting for the notes £20,000,000 of silver which is not called for by the public needs, there is not a danger that from that factitious cause there will result an excessive fall in the value of the metal similar to that which has been occasioned during recent years by the demonetisation of silver in Germany. Is it not to be feared that this new depreciation of silver will augment the difficulties which are necessarily involved in the maintenance of our bi-metallic standard?" We are informed that much of the inconvenience of which the Chamber of Commerce complains arises from the uncertain action of the Bank. One day the Bordeaux branch, which draws daily its supply of money from Paris, will issue notes freely; another day it will pay only gold; and on another there is perhaps nothing to be had except silver. Merchants are thus needlessly harassed, and a stable policy on the part of the Bank might do something to lessen complaints.—*London Economist.*

THE PREMIUM ON GOLD AT NEW YORK.

JANUARY–FEBRUARY, 1878.

1877.	*Lowest.*	*Highest.*	1878.	*Lowest.*	*Highest.*	1878.	*Lowest.*	*Highest.*
February	4⅝	6	Jan. 26	1½	1½	Feb. 9	1⅞	2
March	4¼	5⅜	28	1⅜	1⅞	11	1⅞	2
April	4¾	7⅞	29	1⅞	2¼	12	2	2
May	6¼	7⅜	30	2⅛	2½	13	2	2¼
June	4¾	6⅜	31	1⅞	1⅛	14	2¼	2⅜
July	5⅛	6⅛				15	2¼	2⅜
August	3⅞	5½	Feb. 1	1⅞	2	16	2	2⅜
September	2⅞	4	2	1⅞	2	18	1¾	2
October	2½	3⅜	4	2	2⅛	19	1⅝	1¾
November	2½	3⅜	5	2	2⅛	20	1¾	1⅞
December	2½	3⅜	6	1⅞	2⅛	21	1⅞	2
1878.			7	2	2⅛	22	Holiday.	
January	1¼	2⅞	8	2	2⅛	23	2	2⅛

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from February No., page 663.)

State.	*Place and Capital.*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
DAK....	Fargo....(2377)	First National Bank.......	Chase National Bank.
		Ezra B. Eddy, *Pr.*	Ernest C. Eddy, *Cas.*
ILL.....	Bloomington...	A. Gridley & Son.........	American Exchange Nat'l Bank.
MICH..	Davisburg......	E. M. Newell..............	....
" ..	Mendon..	J. B. & W. H. Anderson...	Ninth National Bank.
MO.....	Jefferson City..	Fleming & Sears..........	Donnell, Lawson & Co.
" ..	Sturgeon	Sturgeon Bank............	Donnell, Lawson & Co.
		B. P. Ritchie, *Pr.*	Frank E. Carr, *Cas.*
NEB....	Sidney...... ..	Sidney Bank. (John M. Saxton.)	....
PENN...	Mt. Pleasant...	Mt. Pleasant B. (D. W. Shryock, *Cas.*)	B.K. Jamison & Co., Phil.
VA.....	Culpeper......	Rixey Bros................	Latham, Alexander & Co.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from February No., page 665.)

	Name of Bank.	*Elected.*	*In place of*
N. Y. CITY.	Continental Nat'l Bank..	Frederick Taylor, *Cas*...	....
		Alfred H. Timpson, *A.C.*	....
COL....	First National Bank, Boulder	P. A. Burgess, *Cas*......	I. M. Smith.
		W. H. Thompson, *A. C.*	....
" ..	Exchange Bank, Denver......	A. J. Williams, *Pr*......	F. J. Ebert.
		F. J. Ebert, *V. P.*........	....
GA.....	Merchants' Bank, Atlanta....	C. W. Henderson, *Cas*...	W. W. Clayton.
		W. W. Clayton, *A. C.*..	....
ILL.....	Bank of Virden, Virden.....	C. M. Walworth, *Pr*.....	A. McK. Dubois.
		F. D. Heaton, *Cas*......	C. M. Walworth.
IND....	Citizens' Bank, Hagerstown....	David Fowler, *Pr*........	I. A. Pierce.
IOWA...	Guthrie County Bank, Panora..	George H. Moore, *Pr*....	S. D. Nichols.
KY.....	First National Bank, Lexington.	Avery S. Winston, *Pr*...	S. P. Kenney.
" ..	First National Bank, Nicholasville.	John A. Willis, *Pr*......	S. Muir.
		Dent Hoover, *Cas*.......	J. A. Willis.
MASS...	Maverick Nat'l Bank, Boston...	S. Phillips, *Cas*..........	*Not* Jr.
" ..	Nat'l Bank Commerce, " ...	C. H. Warner, *Pr*......	B. E. Bates.*
" ..	First National Bank, Merrimac.	D. J. Poore, *Cas*........	*Not* Jr.
MICH...	First National Bank, Niles.....	Charles A. Johnson, *Cas.*	E. G. Hougland.
MO.....	St. Louis Nat'l B'k, St. Louis..	John Nickerson, *Cas*....	R. A. Betts.
" ..	Valley Nat'l Bank, " ..	Lewis C. Nelson, *Cas*....	....
" ..	Mullanphy Sav. B'k, " ..	John H. Rottman, *Pr*...	A. Schulherr.
" ..	Aull Savings Bank, Lexington	George Wilson, Jr., *Cas.*	....
		Joseph A. Wilson, *A. C.*.	....
N. J....	First National Bank, Camden..	Watson Depuy, *Cas*.....	C. C. Reeves.
N. Y...	Canastota Nat'l B'k, Canastota.	H. K. W. Bruce, *Pr*.....	D. Crouse.*
" ..	Bank of Monroe, Rochester....	Isaac S. Averell, *Pr*......	J. Lord.
" ..	First Nat'l Bank, Warwick.....	Corn's H. Demarest, *Pr.*	J. L. Welling.
OHIO...	Second Nat'l Bank, Cleveland..	H. C. Deming, *Cas*......	K. Clinton.
" ..	Kent National Bank, Kent...	Charles K. Clapp, *Cas*..	J. S. Cooke.
		James S. Cooke, *A. C.*..	....
" ..	Central Bank, London........	John Farrar, *Pr*.........	R. Rea.
PENN ..	Western Sav. Fund Soc., Phila.	Frederick Fraley, *Pr*....	J. Wiegand.*
" ..	Citizens' Nat'l Bank, Ashland..	W. H. Heaton, *Pr*......	J. H. Hoover.
VT.	Brandon Nat'l Bank, Brandon..	Frank E. Briggs. *Cas*....	D. C. Bascom.

* Deceased.

DISSOLVED OR DISCONTINUED.

(Monthly List, continued from February No., page 665.)

N. Y. CITY. Commercial Bank; in liquidation.

KANSAS. Merchants' National Bank, *Fort Scott;* closed.
" . Citizens' Bank, *Garnett;* discontinued February 1. Business transferred to Anderson County Savings Bank.
" .. Turner & Otis, *Independence;* suspended payment in currency. Still doing business. Expect to resume cash payments shortly.
" .. W. B. Clarke, *Junction City;* assigned.
" .. Citizens' Bank, *North Topeka;* suspended Jan. 31st. Resumed Feb. 15th.
" .. The Hayes Bank, *Olathe;* closed. Succeeded by George B. Lord & Co.
" .. John Geis & Co., *Salina;* assigned.
" .. Topeka Bank, *Topeka;* suspended Jan. 30th. Resumed business Feb. 4th.
" .. First National Bank, *Paola;* voluntary liquidation; succeeded by Smith, Craig & Co.

MAINE. Newport Savings Bank, *Newport;* suspended.

MASS... Haydenville Savings Bank, *Haydenville;* suspended.
" .. Dorchester Savings Bank, *Dorchester;* enjoined from doing further business.
" .. Rockport Savings Bank, *Rockport;* enjoined from doing further business.

MO..... Cameron Deposit Bank, *Cameron;* suspended.
" .. Commercial National Bank, *Kansas City;* suspended.
" .. First National Bank, *Kansas City;* in liquidation.
" .. Wooldridge & Carr, *Sturgeon;* succeeded by Sturgeon Bank. Frank E. Carr, Cashier.

N. J.... International Trust Co., *Jersey City;* suspended under order of Court.
" .. Jacob R. Freese, (of Freese & Brother), *Trenton;* assigned.

OHIO ... Moodie, Hubbard & Co., *Columbus;* suspended.
" .. Farmers' Exchange Bank (T. Mickey & Co.), *Shelby;* assigned.

PENN... South Side Savings Bank, *Pittsburgh;* in liquidation.
" .. Union Savings & Deposit Bank, *Pittsburgh;* suspended.
" .. Casement Savings Bank, *Union City;* closed.

S. C.... Cureton & Audrey, *Fort Mills;* failed and assigned.

TEXAS.. Citizens' Bank (E. Keech, Manager), *Navasota;* suspended.

RECENT CHANGES OF TITLE, ETC.

(Monthly List, continued from February No., page 663.)

N. Y. CITY. Trask & Stone; now Trask & Francis.

COL.... Exchange Bank, *Denver;* capital paid in, February 1, $200,000.

DAK.... Bank of Fargo, *Fargo;* now First National Bank (2377). Same officers.

ILL..... McLean County Bank, *Bloomington;* succeeded by A. Gridley & Son.
" .. Farmers' National Bank, *Princeton;* capital increased to $110,000, fully paid.
" .. Gardner, Curtiss & Burpee, *Urbana;* now Burpee & Curtiss.

IOWA... Bremer County Bank, *Waverly;* N. Y. Corr. is National Park Bank.

KANSAS. Arkansas City Bank, *Arkansas City;* removed to *Winfield;* name changed to Citizens' Bank.

KY..... Farmers & Traders' Bank, *Shelbyville;* capital $101,501.

MO..... W. H. Brownlee, *Brookfield;* sold to H. DeGraw & Co.
" .. Anderson, Hughes & Co., *Independence;* now Anderson, Chiles & Co.
" .. Jefferson City Bank, *Jefferson City;* succeeded by Fleming & Sears, formerly President and Cashier.

NEB.... Cheyenne County Bank (Raynolds & Wallace), *Sidney;* succeeded by Sidney Bank (John M. Saxton).

PENN... Girard Bank, *Allegheny;* capital $100,000, fully paid up.
" .. C. Tinstman & Co., *Mt. Pleasant;* retired. Succeeded by Mt. Pleasant Bank.

NATIONAL BANKS OF THE UNITED STATES.

December, 1877.

Abstract of reports made to the Comptroller of the Currency, showing the condition of the National Banks of the UNITED STATES, at the close of business on Friday, December 28, 1877; also on December 22, 1876 and December 17, 1875.

LIABILITIES.	1877. December 28,* 2,072 banks.	1876. December 22. 2,082 banks.	1875. December 17, 2,086 banks.
Capital stock paid in	$476,528,771	$497,482,016	$505,485,865
Surplus fund	121,543,455	131,390,664	133,085,422
Other undivided profits	51,450,165	52,327,715	59,204,957
National bank notes outstanding	299,150,475	292,011,575	314,979,451
State bank notes outstanding	470,540	608,548	752,722
Dividends unpaid	1,403,918	1,286,540	1,353,396
Individual deposits	603,326,591	619,350,223	618,517,245
United States deposits	6,441,620	6,727,155	6,652,556
Deposits of U. S. disburs'g officers	3,780,759	4,749,615	4,232,550
Due to other National banks	115,548,216	122,351,818	119,843,665
Due to State banks and bankers	44,653,140	48,685,392	47,048,174
Notes and bills re-discounted	4,293,940	4,553,158	5,257,160
Bills payable	5,753,107	5,882,672	7,056,583
Aggregate Liabilities	$1,734,344,701	$1,787,407,093	$1,823,469,752
RESOURCES.			
Loans and discounts	$876,182,534	$929,066,408	$962,571,807
Overdrafts	3,659,329	——	——
U. S. bonds to secure circulation	343,769,550	336,705,300	363,618,100
U. S. bonds to secure deposits	13,438,000	14,757,000	13,981,500
U. S. bonds on hand	28,479,800	31,937,950	16,009,550
Other stocks, bonds & mortgages	32,134,233	31,565,914	31,657,960
Due from approved reserve ag'ts	75,863,088	83,789,174	81,462,682
Due from other National banks	44,030,182	44,011,664	44,831,891
Due from State banks & bankers	11,384,276	12,415,841	11,895,551
Real estate, furniture & fixtures	45,406,872	43,498,445	41,583,311
Current expenses and taxes paid	8,925,781	9,818,422	9,218,455
Premiums paid	8,834,639	10,811,300	9,442,801
Checks and other cash items	10,161,134	10,658,709	11,238,720
Exchanges for Clearing House	64,664,415	68,027,016	67,886,967
Bills of other National banks	20,280,413	17,521,663	17,166,190
Fractional currency	775,059	1,146,741	2,901,023
Specie	32,886,398	32,999,647	17,070,905
Legal-tender notes	70,463,951	66,221,400	70,725,077
U. S. certif. for dep. legal-tenders	26,515,000	26,095,000	31,005,000
Five-per-cent. Redemption fund	15,024,804	——	——
Due from U. S. Treasurer	1,465,236	16,359,491	19,202,256
Aggregate Resources	$1,734,344,701	$1,787,407,093	$1,823,469,752

* This statement is exclusive of two banks with a capital of $600,000, from which reports have not yet been received.

THE NATIONAL BANK NOTE CIRCULATION.

Statement of the Comptroller of the Currency, showing by States the amount of National bank circulation issued, the amount of Legal-Tender Notes deposited in the United States Treasury to retire National bank circulation, from June 20, 1874, to Feb. 1, 1878, and amount remaining on deposit at latter date.

States and Territories.	*Additional Circulation issued since June 20, 1874.*	Legal-Tender Notes Deposited to Retire National Bank Circulation, since June 20, 1874.			*Legal Tenders on deposit with the U. S. Treasurer at date.*
		For redemption of Notes of Liquidating Banks.	*To retire Circulation under Act of June 20, 1874.*	*Total Deposits.*	
Maine	$1,269,880	41,200	$600,000	$641,200	$77,149
New Hampshire	496,165	27,400	10,800	38,200	3,270
Vermont	1,005,978	134,807	458,340	593,147	33,300
Massachusetts	10,645,915	96,400	5,444,200	5,540,600	114,132
Rhode Island	330,600	——	617,385	617,385	——
Connecticut	1,252,910	65,350	1,249,490	1,314,840	32,158
New York	12,208,465	1,599,891	16,391,900	17,991,791	2,277,867
New Jersey	1,125,965	30,060	973,940	1,004,000	49,744
Pennsylvania	5,359,530	823,491	5,398,606	6,222,097	1,151,089
Delaware	84,175	——	——	——	——
Maryland	196,010	166,600	1,210,580	1,377,180	172,540
Dist. of Columbia	316,900	393,164	427,500	820,664	146,794
Virginia	408,100	706,864	778,915	1,485,779	187,672
West Virginia	44,370	731,060	204,300	935,360	154,686
North Carolina	403,160	——	809,185	809,185	173,105
South Carolina	45,700	——	953,380	953,380	109,300
Georgia	253,480	287,725	347,675	635,400	117,765
Florida	45,000	——	——	——	——
Alabama	198,000	——	94,500	94,500	65,913
Mississippi	——	——	——	——	1,321
Louisiana	122,130	635,750	2,099,250	2,735,000	652,204
Texas	116,100	——	229,340	229,340	14,713
Arkansas	90,000	——	90,000	90,000	1,565
Kentucky	2,444,140	575,867	1,198,633	1,774,500	532,243
Tennessee	313,200	235,901	488,959	724,860	124,316
Missouri	161,470	512,145	3,538,575	4,050,720	768,828
Ohio	1,211,380	1,222,356	2,138,625	3,360,981	1,110,065
Indiana	1,997,650	839,859	3,759,580	4,599,439	976,158
Illinois	1,208,925	1,016,474	5,986,426	7,002,900	1,302,630
Michigan	447,620	204,900	1,698,490	1,903,390	214,523
Wisconsin	184,100	409,999	804,400	1,214,399	278,237
Iowa	810,440	508,012	1,456,450	1,964,462	330,225
Minnesota	631,220	219,676	1,218,545	1,438,221	207,943
Kansas	30,600	585,571	207,900	793,471	271,067
Nebraska	27,000	45,000	188,080	233,080	93,470
Nevada	——	——	——	——	2,909
Colorado	360,200	84,783	149,400	234,183	38,461
Utah	——	161,191	196,800	357,991	39,063
Montana	——	——	45,000	45,000	2,160
Totals	$45,846,470	$12,361,496	$61,465,149		$11,828,585
Legal-tender notes deposited prior to June 20, 1874, and remaining at that date				3,813,675	
Total deposits				$77,640,320	

JNO. JAY KNOX, *Comptroller of the Currency.*

NATIONAL BANK AND LEGAL-TENDER NOTES.

STATEMENT of the Comptroller of the Currency, showing the Issue and Retirement of NATIONAL BANK NOTES and LEGAL-TENDER NOTES under the acts of June 20, 1874, and January 14, 1875, to February 1, 1878.

NATIONAL BANK NOTES

Outstanding when act of June 20, 1874, was passed		$349,894,182
Issued from June 20, 1874, to January 14, 1875	$4,734,500	
Redeemed and retired between same dates	2,767,232	
Increase from June 20, 1874, to January 14, 1875		1,967,268
Outstanding January 14, 1875		351,861,450
Redeemed and retired from Jan. 14, 1875, to date.	$63,044,502	
Surrendered between same dates	9,281,228	
Total redeemed and surrendered	72,325,730	
Issued between same dates	41,111,970	
Decrease from January 14, 1875, to date		31,213,760
Outstanding at date		$320,647,690
Greenbacks on deposit in the Treasury, June 20, 1874, to retire notes of insolvent and liquidating banks		$3,813,675
Greenbacks deposited from June 20, 1874, to date, to retire National bank notes		73,826,645
Total deposits		77,640,320
Circulation redeemed by Treasurer between same dates without reissue		65,811,735
Greenbacks on deposit at date		11,828,585
Greenbacks retired under act of January 14, 1875		$32,889,576
Greenbacks outstanding at date		349,110,424

JNO. JAY KNOX, *Comptroller of the Currency.*

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Authorized January 23, to February 20, 1878.)

No.	*Name and Place.*	*President and Cashier.*	*Capital. Authorized.*	*Capital. Paid.*
2377	First National Bank, Fargo, DAK.	Ezra B. Eddy, Ernest C. Eddy.	$75,000	$37,500

NOTES ON THE MONEY MARKET.

NEW YORK, FEBRUARY 23, 1878.

Exchange on London at sixty days' sight, 4.82¼ a 4.83 in gold.

The money market offers but few features of special interest. The rates for discount have slightly improved, but at the close there is somewhat less firmness, although the demand is fairly active. The accumulation of idle capital has somewhat impeded the prospects of an early advance in the rates for money. The deposits of our Clearing-House Banks are decreasing, as are also the average reserves. The other movements of the bank averages will be seen from the subjoined statistics of the New York City banks:

1878.	*Loans.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Deposits.*	*Excess of Reserve.*
Jan. 26	$238,404,300	$30,193,600	$37,231,200	$19,798,100	$207,171,200	$15,632,000
Feb. 2	241,275,500	31,230,000	37,362,200	19,761,300	210,301,700	16,016,775
" 9	243,057,300	32,146,900	34,877,000	19,687,100	211,713,000	14,095,650
" 16	242,859,900	33,011,600	34,845,600	19,781,200	212,132,000	14,824,200
" 23	243,659,100	32,379,400	33,978,000	19,806,900	210,894,600	13,633,750

The Clearing-House exhibit of the Boston banks for the past month is as below:

1878.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Jan. 26	$129,032,100	$5,475,000	$3,719,800	$70,689,400	$24,626,600
Feb. 2	127,596,300	5,130,300	3,660,600	69,758,000	24,759,300
" 9	126,920,500	5,381,800	3,192,700	68,993,900	25,060,000
" 16	125,421,600	5,119,000	3,512,700	67,466,300	25,226,100

The Philadelphia bank statements for the same time are as follows:

1878.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Jan. 26	$59,127,790	$2,076,102	$12,930,413	$46,418,848	$10,990,448
Feb. 2	58,723,420	2,129,848	13,319,450	46,332,315	10,995,361
" 9	58,698,371	2,225,090	13,182,576	45,784,847	10,988,741
" 16	58,935,737	2,185,224	12,574,148	45,374,991	10,976,756

The question has been agitated whether we have not too much capital invested in banking. In this city ten years ago the capital and surplus profits of our National and State banks were about 125 millions. At present they amount to 100 millions, twenty per cent. of the original amount having been withdrawn. The heavy taxes, the severe losses, and the falling off in business which have diminished the dividends of the banks, are to a considerable extent responsible for this large decline of banking capital in New York. It is one of the advantages of the National banking system that it has stimulated the banks to do business on a much larger capital than had previously been usual, either in this country or abroad. Among the safeguards of our banking sta-

bility and the preventives against panics, a conspicuous place must be given to the large capital which has given strength to the foundations of our monetary system during the last fifteen years. It will be a calamity to the country if the heavy taxes imposed on the banks should cause the decline in bank capital, which has so actively set in, to go on without some speedy check. This question is earnestly discussed in financial circles. One of our city Journals in referring to it makes the following remarks:—"The question which the stockholders of a good many of the banks are beginning to consider very seriously is whether, in view of the fact, they shall let their institutions run on till the whole capital is consumed in taxes and bad debts, or whether they shall rake what they can out of the fire at once. Of course, all the salaried bank officers and their friends advise them to go on and await better times; but such advice is interested, and should not receive much consideration. The only sound rule to go by is that of comparing the amount earned in the business, over and above all expenses, taxes and losses, with the amount which could be earned by the same capital invested in some other way. It is pretty safe to say that a bank which cannot make for its shareholders more than four per cent. net per annum had better return them their money. That rate of income can be got on Government bonds with far less risk. There are more of such banks than is generally supposed, and we look for their speedy dissolution."

Some of our city banks are agitated, though probably they will not be finally the losers, by the recent decision of the Supreme Court of Illinois, that the financial officers of Chicago have no power to borrow money in advance of the collection of taxes. According to the Chicago *Tribune*, the municipal expenses for 1878 will be $ 4,000,000, while the disposable revenue will be only $ 400,000. To meet the emergency, it suggests that the public schools, police force, and similar necessary branches of the city Government should be maintained by voluntary contributions. Other authorities assert, however, that there is nothing in the decision in question to prevent the city from making an assignment and sale of the taxes as levied, and that it has a perfect right to pledge its revenue as security for money to carry on its business. Pending the final decision, the power of the city Government to borrow, as heretofore, is of course suspended.

The stock market is dull, and the volume of business is extremely small. Governments are quiet, State stocks steady, Georgia sevens, new, closing at 107, and Tennessee sixes at 36½. Bank shares are dull and very few are offered for sale, quotations being fairly sustained. Railroad bonds are firm and in demand. Pacific Railroad bonds are selling at 104⅝ for Union First Mortgages, and 104½ for Land Grants. Sinking Fund bonds are quoted at ninety-seven. Central Pacific Railroad bonds closed at 104⅝ and 104¾. The Sub-Committee of the Senate Committee on the Judiciary, has agreed upon a funding bill for the Pacific railroads. According to the terms of this bill, the companies are to pay $ 1,500,000 annually to the Government as a Sinking Fund. The roads are also to pay five per cent. of their net earnings to the Government. The term net earnings is to apply to all receipts of the companies, after deducting their running expenses, together with the interest on the First Mortgage bonds. The Government allows the companies to retain one-half of the receipts for Government transportation. Railroad shares are

stronger, but the transactions are few. The coal stocks have shown some activity. The general uncertainty of our finances is unfavorable to stock speculation at present. Gold is steady, and foreign exchange closes firm. Subjoined are our usual quotations :

QUOTATIONS :	*Jan.* 29.	*Feb.* 4.	*Feb.* 10.	*Feb.* 15.	*Feb.* 20
Gold	102¼	102	101⅞	102⅜	101⅞
U. S. 5-20s, 1867 Coup.	105½	105⅛	105¼	105½	105¾
U. S. 10-40s Coup.	108	108	107¼	107¾	107¼
West. Union Tel. Co.	77	76⅝	76⅜	76	76¾
N. Y. C. & Hudson R.	105⅜	105⅜	104¾	105	105½
Lake Shore	61⅛	61¼	61⅜	61¾	62
Chicago & Rock Island	99	99	98⅞	99¼	99½
New Jersey Central	15	17⅞	17⅜	16½	17½
Del. Lack. & West.	49⅞	50¼	49⅜	47⅝	47¾
Delaware & Hudson	48¾	49	47⅞	46¼	46⅞
North Western	35¾	34½	33½	35¼	35⅜
Pacific Mail	22½	22⅜	22⅛	22⅛	23¼
Erie	8⅞	9½	9⅛	9	9½
Call Loans	4 @ 6	4 @ 6	4 @ 5	4½ @ 5	5 @ 5½
Discounts	5 @ 8	5 @ 8	5 @ 8	4½ @ 7	4½ @ 7
Bills on London	4.83-4.85½	4.82½-4.84½	4.82½-4.84½	4.82½-4.84½	4.82½-4.84½
Treasury balances, cur.	$35,567,300	$35,297,725	$35,076,584	$34,543,769	$34,192,680
Do. do. gold.	$103,172,231	$105,223,300	$104,978,379	$104,734,131	$105,316,589

A number of bills have been referred to the Committee of Ways and Means for the purpose of increasing the facilities for small investments in Government securities. The plan is proposed to authorize the issue of smaller denominations. At present fifty dollars is the smallest bond issued by our Government, while in France bonds are issued as small as twenty dollars. Subjoined is a table showing the number of coupon bonds of various demominations on which interest was paid last year at the United States Treasury :

DENOMINATIONS OF UNITED STATES COUPON BONDS OUTSTANDING.

	$	$	$	$	$	$
Denominations of Bonds	50	100	500	1,000	5,000	10,000
Sixes	118,276	286,264	212,398	404,489	—	—
Ten-Forties	—	—	1,547	5,272	22,467	39,460
Fives of 1881	21,415	31,440	42,220	222,585	50	6
Four-and-one-half of 1891	815	1,199	2,119	16,948	—	—
Total number of Bonds.	140,506	300,903	258,284	649,294	22,517	39,466

This list is compiled from the Treasurer's report, page eighty-two, and shows that there are outstanding at present 140,506 fifty-dollar coupon bonds of the United States, 300,903 bonds of 100 dollars, 258,284 of 500 dollars and 649,294 bonds of $1,000 each. Of the denominations of the registered bonds there is, we believe, no record kept.

Among the subordinate results of the development of silver mining in Utah, Colorado and Nevada, we observe an immense addition to the production of lead, which, in those States, is found combined with the silver. Up to the year 1873 the lead supply of the United States had been from 15,000 tons to 20,000 tons a year, most of which came from Illinois and Missouri, and was consumed west of the Alleghanies. The Atlantic States, consequently, got all their lead from abroad, and its price at one time was as high as fifteen cents a pound. In 1873, however, the silver mines turned out 18,000 tons of the baser metal ; in 1874, 20,000 ; in 1875, 31,200 ; in 1876, 33,630 ; while last year they yielded 45,311 tons. At the same time, the yield of the Illinois

and Missouri mines increased so that the total production of the United States was 73,000 tons in 1877, against 16,000 tons in 1870. Naturally, importations from abroad have stopped, and the price of the metal has gradually fallen from eight cents a pound at the beginning of 1873, until last week it dropped below four cents. If its price goes on to fall to three and a half cents, its exportation will be profitable.

It is said that the representatives of the State of Virginia, who have been in consultation with the Funding Association, will advocate the payment of two-thirds of the original debt at par, with bonds bearing 4 per cent. The debt of Virginia proposed to be funded is thus stated: Consolidated debt, $21,000,000; common debt, $7,000,000; interest overdue, $3,000,000; total, $31,000,000. To this amount may be added $15,000,000 which it is claimed should be assessed by West Virginia.

To complete our record, we present the statement of imports and exports at the port of New York for 1876 and 1877, which was crowded out from our last issue:

VALUE OF IMPORTS AT NEW YORK, 1876 AND 1877.

	1877.	1876.	*Increase.*	*Decrease.*
Entered for consumption	$134,223,300	$125,425,644	$8,799,656	—
" for warehousing	87,178,349	77,063,129	10,115,190	—
Free goods	92 686,992	76,659,977	16,027,015	—
Total merchandise	$314,088,641	$279,146,750	$34,941,891	—
Specie and bullion	15,000,227	26,217,888	—	$11,217,661
Total value of imports	$329,088,868	$305,364,638	$23,724,230	—

The merchandise imports were classed as follows:

	1877.	1876.	*Increase.*	*Decrease.*
Dry Goods	$77,580,792	$79,506,290	—	$1,925,498
General merchandise	236,507,849	199,640,460	36,867,389	—
Dutiable	$221,401,649	$202,486,773	$18,914,876	—
Not dutiable	92,686,992	76,659,977	16,027,015	—
Total merchandise	$314,088,641	$279,146,750	$34,941,891	—
Customs revenue on dutiable goods	$92,716,686	94,662,656	—	$1,945,970

VALUE OF EXPORTS AT NEW YORK, 1877 AND 1876.

	1877.	1876.	*Increase.*	*Decrease.*
Domestic produce	$290,960,048	$265,774,302	$25,185,746	—
Foreign goods, free	2,254,525	3,415,390	—	$1,160,865
" " dutiable	5,719,398	6,361,272	—	641,874
Total merchandise	$298,933,971	$275,550,964	$23,383,007	—
Specie and bullion	27,497,169	43,097,102	—	$15,599,933
Total value of exports	$326,431,140	$318,648,066	$7,783,075	—

DEATHS.

At MIDDLETOWN, Conn., on Tuesday, February 12, aged seventy-two years, CHARLES R. SEBOR, President of the Middlesex County National Bank.

At PHILADELPHIA, Pa., on Friday, January 25th, aged seventy-eight years, JOHN WIEGAND, Senior, President of the Western Savings Fund Society, of Philadelphia.

THE

BANKER'S MAGAZINE,

AND

Statistical Register.

VOLUME XII, THIRD SERIES. | APRIL, 1878. | No. 10.

INTERNATIONAL STATISTICS OF SAVINGS BANKS.

This is the title of a government document lately issued in Rome. A brief account was given in our last number of certain facts about Savings banks which show the progress of the Postal Savings bank movement in various countries. Since that article was written we have received a copy of the official report of the Italian Government, above referred to. We have also before us the interesting paper of Mr. Edward Brabrook, read before the London Statistical Society, in which an abstract is given of the Italian report. As the agitation of the Savings bank question in this country is extending its limits, and seems likely to become still more prominent before the public mind, we propose to give the main facts set forth in the report in regard to European Savings banks. We regret to see that no later statistics than those of 1875 are given for the Savings banks of the United States. It is, however, a subject of gratification that our American Savings bank system is not ignored altogether, as has too often happened in previous savings bank reports compiled by statisticians abroad. In the present paper we shall confine ourselves to the official report of the European Savings banks, leaving the American statistics to be supplemented by more complete figures from the authentic statements of the present year, which will probably be all completed in time for the May number of the BANKER'S MAGAZINE.

The report divides the history of Savings banks into three periods. The first terminates in 1848, just before the gold discoveries gave an impulse to business and enlarged the earning power of the operatives, both skilled and unskilled, throughout the world. The second period is from 1848 to 1861, and the third period extends from 1861 to the present time. The following table computed at five lire to the dollar, shows the comparative condition of the Savings banks in the chief countries of Europe at each of these three periods:

PROGRESS OF SAVINGS BANKS IN EUROPE, 1848–1876.

	First Period ending 1848.	*Second Period ending* 1861.	*Last Return.*
France	$ 76,000,000	$ 67,500,000	$ 117,500,000
Prussia	12,000,000	37,500,000	246,500,000
Saxony	3,500,000	12,500,000	57,000,000
Mecklenburg	2,000,000	5,000,000	5,000,000
Bremen	1,000,000	4,000,000	7,000,000
Bavaria	7,500,000	10,000,000	12,000,000
Wurtemburg	500,000	2,500,000	13,500,000
Great Britain	153,500,000	206,000,000	359,500,000
Italy	7,500,000	69,500,000	107,000,000
	$ 263,500,000	$ 414,500,000	$ 924,000,000

It thus appears that the aggregate of Savings deposits in the countries mentioned was in 1848, $ 263,500,000; in 1861 it had increased to $ 414,500,000; and at the latest reports the aggregate was $ 924,000,000. To show the relative amounts of the deposits, the following table is given showing the number of persons who have specified sums on deposit:

COMPARATIVE AMOUNTS OF DEPOSITS IN EUROPEAN SAVINGS BANKS, 1876.

Percentage of Deposits.	*Under* $ 75.	*Under* $ 100.	$ 100 *and over.*	$ 75 *to* $ 150.	$ 150 *and over.*	$ 100 *to* $ 200.	$ 200 *and over.*
Italy	—	325	175	—	—	80	95
France	—	395	105	—	—	75	30
Paris only	—	450	50	—	—	45	5
Alsace-Lorraine	—	410	90	—	—	65	25
Belgium	—	435	65	—	—	25	40
Mecklenburg	—	415	85	—	—	65	20
Finland	—	425	75	—	—	40	35
Great Britain	—	315	185	—	—	80	105
Prussia	320	—	—	85	95	—	—
Kingdom of Saxony	370	—	—	70	60	—	—
Anhalt	350	—	—	105	45	—	—
Lubeck	—	470	30	—	—	—	—

The aggregate deposits in all the Savings banks of the twenty countries comprised in the report, amount to $ 1,843,025,000, or about twice as much as the Savings bank deposits of the United States. At the head of the European Savings banks is Great Britain, with an aggregate of $ 732,810,000; Austria, with $ 269,655,000; Russia, with $ 246,575,000; while Italy reports $ 107,470,000 for 1875. Subjoined is a table showing the whole of the aggregates for the year for which they are reported, and the aggregate population of the several countries.

AGGREGATE DEPOSITS OF SAVINGS BANKS IN EUROPE.

	Year.	Population.	No. of Banks.	No. of Depositors, 1st January.	Total Am't Deposits.
France	1872	36,102,000	521	2,021,000	117,720,000
Belgium	1874	5,336,000	10	132,000	12,550,000
Austria	1874	21,366,000	215	1,269,000	269,655,000
Hungary	1873	15,417,000	282	——	76,045,000
Prussia	1874	24,639,000	979	2,059,000	246,575,000
Kingdom of Saxony	1872	2,556,000	156	——	57,225,000
Thuringia	1873	899,000	7	33,000	9,485,000
Mecklenburg	1872	557,000	31	91,000	5,360,000
Hamburg	1874	370,000	8	81,000	8,080,000
Bremen	1873	135,000	4	48,000	7,020,000
Lubeck	1873	52,000	2	14,000	690,000
Bavaria	1869	4,824,000	260	279,000	12,450,000
Wurtemburg	1874	1,818,000	121	——	13,830,000
Baden	1874	1,461,000	99	141,000	20,710,000
Alsace-Lorraine	1872	1,549,000	—	41,000	1,415,000
Great Britain and Ireland	1874	32,412,000	5,142	3,131,000	732,810,000
Denmark	1873	1,824,000	314	316,000	50,310,000
Sweden	1873	4,297,000	271	563,000	30,175,000
Norway	1873	1,750,000	262	220,000	26,005,000
Switzerland	1872	2,669,000	312	542,000	57,905,000
Russia	1872	56,408,000	—	71,000	3,675,000
Finland	1872	1,838,000	36	18,000	1,730,000
Italy	1875	27,482,000	965	——	107,470,000
Holland	1872	3,579,000	240	99,000	5,635,000
		229,830,000	10,307	14,169,000	1,843,025,000

As to the Savings banks in France, the report states that the first Savings bank was established in Paris in 1818, and since then 521 Savings banks in all have been sanctioned. These have 620 branches. The amount of deposits in 1835 was \$7,130,000; in 1847 \$76,225,000; in 1860 \$67,715,000; and in 1872 \$117,720,000. In December, 1872, the deposits were \$103,045,000, in 2,016,000 accounts, distributed as follows: \$100 and under, seventy-nine per cent.; \$100 to \$160, ten per cent.; \$160 to \$200, five per cent.; over \$200, six per cent. The number of transactions in the year 1872 was 2,558,000. The interest allowed by the Government is four per cent.; that paid to depositors in Paris 3¼; on the average of all banks 3⅔ per cent.

The general and municipal councils assist the banks by donations of about \$15,000,000 a year. The Bank of Paris alone has 241,000 depositors. The average of deposit accounts to population is fifty-six per 1,000, which rises in the department of Seine-et-Marne to 161, and sinks in that of Corsica to five per 1,000. The average of investments is a little over \$25.

The deposits in the Paris Savings Bank amount to \$7,090,000. The Savings banks were much depleted by the events of 1870 and 1871, whieh caused large withdrawals. Savings bank deposits contributed \$12,515,000 to the war indemnity loan. The majority both of deposits and withdrawals take place in January.

The Savings Bank of Paris has thirty-two branches. Of the depositors in 1874, sixty-three per cent. were workmen and

artisans, eighteen per cent. domestic servants, ten per cent. employés, three per cent. soldiers and sailors, two per cent. the liberal professions, and four per cent. annuitants. By a legacy of M. Lavocat, the bank has created 1,256 deposits of $10 each for children between ten and fifteen years.

It will be observed that the reports are some of them old and none are more recent than 1875. It is hoped that, as the beginning has been so satisfactorily made in the collecting of this description of statistics, the Italian Government will continue the work hereafter, and that the same example will be followed by other governments. An interesting part of the report is taken up with the particulars of the Savings banks in various countries.

In Italy there were 282 Savings banks at the end of 1872, of which 142 were principal banks, and the others branches. Of the 142, seventy-five were of private origin, while the rest were organized by public institutions. With two exceptions, all the Italian Savings banks are managed without profit to the promoters or guarantors. The minimum deposit is usually twenty cents, the maximum from five dollars to one thousand dollars. In a few cases no maximum limit is fixed, and in one the minimum limit is two cents. Notice before withdrawal is usually required, in Venetia as long as four months for sums exceeding $60. The number of Savings banks in Italy in 1825, was only eleven; in 1855, 100; in 1860, 125; and in 1875, 965. The deposits in 1825 were $540,000; in 1845, $7,720,000; in 1860, $69,625,000; in 1875, $109,407,000. The average rate of interest allowed is 4½ per cent. The system of school Saving banks has been adopted in sixty-six communes.

Eleven provinces of Italy do not possess a single Savings bank; and while 280 communes, with a population of six millions, are provided with Savings banks, 8,102 communes, with a population of twenty-one millions, are unprovided. On the average, Italy possesses one Savings bank for every 95,000 of population. 112 banks, having deposits exceeding $75,000,000, are established in cities, and 170 banks having only a little more than $10,000,000 in rural districts; the city population of Italy being to the rural as 8½ to 18½ millions. The total deposits in 1825 were $540,000; in 1850, $8,000,000; in 1872, $89,300,000. The number of depositors in the latter year being 676,237, giving an average of about $130 to each depositor, and nearly $4.50 per head of the population.

As to the deposits of savings in popular banks and other credit institutions, there is evidence of a notable increase. In 113 of them, the number of accounts had increased between 1869 and 1873 from 7,457 to 40,836, and the amount invested from $480,000 to $5,190,000. The popular bank of Milan opened in September, 1873, and in December, 1874, its

deposits amounted to $ 2,965,000. Its success was in part due to the fact, that it offered four per cent. interest, while the Savings bank of Lombardy pays 3½ per cent.

Postal Savings banks were established in Italy by a law of 27th May, 1875. Sums over $400 are not to have interest. Up to the 15th, June, 1876, 904 post offices had been opened for deposits, of which 627 had actually commenced business, 44,000 transactions had taken place, and the amount at the credit of depositors was $215,000.

In the whole of France at the close of December, 1874, there were 529 Savings banks with 694 branches. The number of deposit accounts had increased to 2,170,000; the new depositors for the year being 263,000, divided as follows: 82,000 workmen, $ 3,230,000; 38,000 domestics, $ 1,725,000; 12,000 employés, $ 415,000; 7,000 soldiers and sailors, $ 265,000; 64,000 other professions, $ 3,185,000; 60,000 children, $ 1,195,000; add for friendly societies, $ 25,000. Total, $ 10,040,000. Interest is guaranteed on deposits at four per cent. The expenses of the Savings banks averaged twenty cents per deposit account, or one-half per-cent on the transactions of the year. The dotation funds were $ 3,370,000, the reserve funds $ 475,000.

During the 18 years preceding the war with Germany, the French Savings bank deposits increased annually by about 26 million francs. Thus starting from 275 million francs of deposits in 1852, when the Savings banks law was changed, a total of 720 million francs was reached in June, 1870. After the war, the deposits, which had fallen to 515 millions francs in 1872, attained a total of 535 millions in 1873, of 573 millions in 1874, of 667 million francs in 1875, of 775 million francs in 1876, and of 790 million francs on 28th February, 1877. At present the deposits are said to exceed 800 million francs. M. De Malarce attributes this astonishing increase in the deposits in part to the introduction throughout France, of the penny Savings bank system, established long ago in England, but which would appear to have found an even more congenial soil for growth on the continent. More than 4,000 schools in France have established penny banks since 1874.

The number of scholars thus already made familiar with the institution amounts to 260,000.

In Belgium, the aggregate Savings bank deposits in 1870, were $ 8,345,000, and in 1874, $ 12,550,000. The number of banks is ten, nine of which are private institutions. The government Savings bank surpasses all the rest taken together. It was established in 1865. The National Bank and the Post Offices act as agencies for it. Besides its ordinary business, it deals in life annuities, but, as in England, with comparatively little success. It has twenty-three branch banks. At the close of 1871 its deposits were $ 4,400,000, and

in December 1874, $7,965,000. The number of its depositors at the latter date was 92,000, and the depositors of the other banks 40,000. When a deposit exceeds $600 the manager may, after notice, employ the excess in the purchase of government securities. Some use is made by the government of the Savings bank deposits, such as roads and education.

Of the 240 Savings banks established in Holland, 175 of which were founded by the society of public utility, 216 are still in existence. Their deposits are reported at $5,635,000 and their reserves amount to $865,000. The rate of interest varies from three to four per cent.

The Savings bank of Luxemburg was established in 1859. The deposits on 31st December, 1874, amounted to $1,555,000.

In Switzerland are 312 Savings banks. The depositors at the end of 1872 were 542,000, on a population of 2,669,000 The amount deposited was $57,905,000. In 1862 the deposits were $26,380,000; and in 1852, $12,075,000. The principal investment is in mortgages, which amounted to $2,120,000 in 1872.

Austria has 275 Savings banks. The number of deposit accounts is 1,269,000, and the amount deposited $269,655,000. In 1870 the aggregate was $142,855,000. The first private Savings bank was established at Vienna, in 1819. Savings banks are regulated by a decree made in 1844, which places them wholly under the supervision of the Government.

In Prussia, the first Savings bank was founded by the municipality of Berlin, in 1828. In 1838, they were taken under the supervision of the government. Their formation has been much aided by an association called the "Central Union for the good of the Industrial Classes." A great variety of investments is permitted. Besides Savings banks, there are, of course, the credit banks of Herr Schultz Delitzsch, which perform a similar function.

The principal Savings bank in Wurtemburg is a Government institution; the district Savings banks are under municipal management.

In Denmark, Savings banks are private institutions, but must not be managed for profit, nor invest in foreign securities, and are required to make an annual return to Government.

The limit of deposits is strictly regulated. In France, it is now $200. In England £150 a year, or $750 altogether. The limit in Belgium, is $600; In Holland, $85; In the German States, the limit varies according to the rules of the banks.

The usual rate of interest is five per cent., though some Savings banks allow four, and some six. The Savings bank of Vienna has a capital of $46,875,000.

Hungary has 283 Savings banks, and $76,045,000 to the credit of depositors.

The methods of investment vary greatly. In the Savings banks of France, seventy-nine per cent. of the deposits are invested on government securities, nineteen per cent. on mortgage, and two per cent. on municipal bonds. In Belgium two-thirds of the deposits are invested upon commercial securities. The most usual investment is in the public funds. In Austria, however, sixty per cent. is invested on mortgage; in Prussia, fifty per cent; in Thuringia, seventy per cent; in Hamburg, ninety per cent; in Denmark, fifty per cent.; in Switzerland, seventy per cent.

In Great Britain, the Savings banks, which date from 1799, are private institutions, but are required to deposit their funds with the Government, and interest at 3¼ per cent. is guaranteed to them. The Post Office banks are purely governmental; and by their means the number of depositors has doubled, and the amount deposited has increased more than fifty per cent. They pay to depositors interest at the rate of 2½ per cent., and the interest made by the government on their investments is sufficient to pay expenses and provide a surplus. In England the penny banks mentioned above are wholly private institutions.

THE LONDON MONEY MARKET AND THE BANK OF ENGLAND.

The decline in the relative importance of the Bank of England to the English money market is a matter worthy of careful notice. The influence of the Bank, from its possession of the chief stock of banking bullion in England, has hitherto been paramount, but the growth of the joint-stock banks is weakening this influence, and brings into question the stability of a system whose superstructure increases more rapidly than does its foundation. It is a question of comparative strength between depletion and reserve, where a policy exists such as that of England, which allows one bank to hold the reserve for the whole banking system. So long as the Bank of England could dictate the rate of interest, this was the rudder which controlled the general financial policy; but the last effort of the Bank to regulate directly the rate of interest failed, and in the enormous growth of the discount banks of London, we see the reason for this failure.

In 1874 and 1875, the bills discounted by the Bank of England averaged less than twenty-three million dollars. For the ten years prior to 1865 the average amount of discounted bills equaled forty-three million dollars, or nearly double the average amount for 1874 and 1875.

The following table marks the growth of the Joint-Stock Banks of London:

DEPOSITS OF THE JOINT-STOCK BANKS.

1844	$40,000,000
1850	62,500,000
1855	145,000,000
1857	205,000,000

The deposits of the Bank of England were:

1844	$66,500,000
1857	85,500,000

It thus appears that in 1844 the deposits of the Bank of England were twenty-six million dollars in excess of the deposits of the Joint-Stock Banks in London, but in 1857, the deposits of the latter were 120 million dollars larger than those of the Bank at the same time.

The change shown by the above comparison is one of startling significance.

Reviewing a later period, we find the deposits to be as follows:

	Bank of England.	*Joint-Stock Banks.*
1876	$150,000,000	$357,100,000
1877	142,000,000	343,600,000

In a period of thirty years the Bank of England has little more than doubled its deposits, while those of the Joint-Stock Banks have increased nearly four-fold, and in the same period the relative positions of the two parties have been reversed.

The London *Economist* makes upon these great changes some comments which are hardly pointed enough to attract the attention which they deserve, and it acknowledges but partly the failure of the Bank of England to control, in October last, the discount rate, when an export of five million dollars of gold to this country led to an advance in the Bank rate, from two per cent. to five, without a substantial influence upon the market discount rate. We quote these comments below:

"The deposits of all the joint-stock banks now having offices in London very largely exceed this sum. It is somewhat difficult to draw the line so as to mark out clearly what is 'London money' and what is 'Provincial money,' now that so many banks, including the principal Scotch banks, have offices in London. But one thing is clear, and that is, that the banking money outside the bank, with which the bank has to compete, is now considerably larger proportionately than it hitherto has been. And though, when the fact that the Bank of England allows no interest whatever on the deposits in its hands and that all the other joint-stock banks do, is taken in consideration, the increase in the amount held by the Bank of England is very remarkable; yet it is clear that the position of the bank is no longer one of that undoubted preëminence which it occupied thirty years ago.

"The bank, however, is able by raising the rate of discount to exert a considerable influence when it needs to do so, in

order to protect its reserve. And it gave a signal instance of fidelity to its traditions in this respect, when last October it raised the rate of discount to five per cent. The outer market scarcely followed this rise at all, though it was undoubtedly the right step for the bank to take at the time. The bullion reserve was then slowly diminishing; it therefore became needful for the bank to protect it thus. It was the need to protect the reserve, not any mercantile demand for money, which led the bank to raise its own rate at that time, irrespective of the market rate.

"Meanwhile, the competition for bills in the discount market is beyond question most sharp at the present day. Within a period of about twenty years, several joint-stock companies have been formed for the purpose of carrying on this class of business, and the number of private firms engaged in it appears also to augment. Various circumstances—the increasing supply of money, the power of dealing by means of telegraphic transfers, and other circumstances, have all tended to limit the supply of bills, which is apparently smaller now in proportion to the supply of money than it was ten or fifteen years since, whilst the competition for those in the market is closer than ever. As matters stand, it becomes a question whether the publication of a fixed rate by the Bank of England is not as much an anachronism now as a permanently fixed rate was in the year 1844. When a rate is published, as it is now, by the bank, people can tell at once whether they can get their business done cheaper elsewhere; and in this period of sharp competition, this knowledge is enough of itself to deter them from coming to a bank, the rate of which they know already. The bank loses thus that power of delicate adjustment of its position to the precise needs of the moment, which is essential to the maintenance of business. It cannot, as it were, feel the pulse of its customers as closely as it could were its rate not advertised; it cannot follow as well the distinctions made between one class of paper and another, as it could did the present hard and fast rule not exist. It would still retain the power of protecting its reserve which it now possesses, by raising its rate above the market rate, as it does now. It is not that anyone would venture to suggest to the bank any alteration in the mode of doing business for the mere sake of an alteration. In these matters, as has been well said, 'Time is the greatest innovator.' As times alter, true Conservatism consists not in a rigid adherence to the mere text of the rules of the past, but in such an adjustment to the wants of the present time as enables a similar position to be taken up now, as then. No doubt there are other expedients by which a command of the outside market may be maintained, than by holding bills; but the holding bills under discount is the natural function of a bank, and that is the

reason why it seems preferable to any other method of making advances. Well-selected bills are by far the best security in which a bank can employ the bulk of its loanable money. In any time of pressure, a bank holding a large supply of good bills is in a far safer position than a bank which has its money in more fixed securities, of however high a class they may be. As the bills a bank holds mature day by day, they provide a supply of ready money when ready money is needed."

GROWTH OR DECADENCE OF NATIONAL WEALTH.

BY DR. GEORGE MARSLAND.

Some of the most difficult problems in economics are connected with the causes and the tests of the productive growth and material prosperity of nations. Both here and abroad, since the panic of 1873, more attention has been given to the growth or decadence of national wealth than ever before, and a wholesome change of certain old theories on the subject is not unlikely to occur in the rival schools of political economy and statesmanship. Two interesting discussions have recently been carried on in England and have begun to attract attention both here and on the continent of Europe. The first is upon the question whether the British people are consuming in modern times the accumulated capital of past years, or whether the nation is living within its annual income. This inquiry, which will be found suggestive as to the United States and other nations as well as to England, was first begun in the London *Economist*, by Mr. William Rathbone, of Liverpool. His letter appeared 14th November, and attracted so much notice that it was reprinted in the *Economist* of December 1st, as a supplement. The conclusions at which Mr. Rathbone arrived are, first, that Great Britain has been extravagant and has over-spent to an extent which is reducing its capital and eating into its savings. His second conclusion is that ere long this extravagance will necessitate a great deal of enforced economy attended by much individual suffering and considerable stringency in the money market. Mr. Rathbone's third inference is that as a stringent money market after a long period of abundant money is apt to develop hidden sores and to create a time of discredit, it is incumbent on prudent merchants and bankers to keep their resources well in hand and confine their operations within very safe limits. The chief fact relied upon by Mr. Rathbone in support of his view of the decadence of the national wealth is the extraordinary decline in the export trade of Great Britain which has greatly increased the adverse balance of trade. As England, for some years past,

has not been able to pay for her imports by her exported fabrics and other commodities, Mr. Rathbone argues that she has been exporting foreign securities heretofore held by her, and that this process is essentially a sign of impoverishment and of decadence. Two other symptoms of a similar character have been pointed out by other writers. One of these is the diminution in the hours of labor. Some years ago the engineers throughout England made up their minds to lessen the hours of labor for themselves. A long and successful strike gave force to this mischievous resolve, and the consequence was a loss to the country, not only of twenty per cent. of the labor done by a few thousand striking workmen, but a consequent loss of the productive power of an immense multitude of machines which were dependent on the engineers, and were worked by them. A similar mania for lessening productive efficiency has spread throughout most of the trades. The monetary value of the productive power which has thus been destroyed is extremely large and it forms one element in the problem started by Mr. Rathbone. Another factor for its solution, suggested by the *Pall Mall Gazette*, is the diminution in the earning value of a great part of the "iron manufacturing plant," and of the machinery of other productions consequent upon the enormous falling off in some of the staple exports of Great Britain. Without examining minutely these and other aspects of the question, we will pass to the second discussion referred to at the beginning of this article. It was started by Mr. Robert Giffen who is the efficient Chief of the Statistical Department of the British Board of Trade, and was for some years connected with the London *Economist.* We find in the March number of the London *Banker's Magazine* some account of Mr. Giffen's paper, which was read before the London Statistical Society, 15th January, 1878. The first question Mr. Giffen takes up is as to the amount of the existing capital or property in Great Britain. He next proceeds to compare this sum with similar aggregates in former years so as to ascertain the apparent rate of increase. Lastly, he compares the population at different times with the accumulated wealth and the rate of increase of the population with the rate of increase of wealth, as a test of progress. By working out these problems, he expects to be able to gather materials useful for inquiries as to what is the margin of taxation in a country, and whether and how much it is increasing or diminishing.

With regard to the present aggregate of capital or property in Great Britain, Mr. Giffen takes the income-tax assessments, discriminates as far as he can the different sources of income, capitalizes these at an estimated number of years' purchase, and then makes an allowance or conjecture for the capital of the income exempt from income-tax, and for that

which escapes assessment, as well as for capital which is not treated in the government returns as productive of income. He finds that the gross annual value of the income-tax assessments, in the year ended 31st March, 1875, was $2,855,000,000. Under Schedule A, which charges the owners of real estate at so much per pound sterling of annual value, he capitalizes lands at thirty years' purchase, houses at fifteen years' purchase, other profits at thirty years' purchase. Under Schedule B, which charges the occupier of real estate on the annual value of the house and land he occupies, farmers' profits are capitalized at ten years' purchase. Under Schedule C, public funds (less home funds) are capitalized at twenty-five years' purchase. Under Schedule D, trades and professions, one-fifth of the total income of 175 millions sterling is capitalized at fifteen years' purchase, and the remaining income at various rates. Mr. Giffen adds as an estimate for trades and professions omitted, twenty per cent. of the amount assessed. From these data he deduces the final conclusion that the total capital of the people of the United Kingdom, amounts to a minimum of 8,500 millions sterling, or $42,500,000,000. He gives the following comparison of his estimates for 1875, with similar estimates for the year 1865:

CAPITAL OR PROPERTY IN GREAT BRITAIN 1865 AND 1875.

	Aggregate of Property.	*Amount Per Head.*
1875	$42,500,000.00	$1,300.00
1865	30,500,000.00	1,020.00
Total increase in ten years	$12,500,000.00	$280.00
Percentage of increase in ten years.	39⅓ per cent.	27 per cent.

From these figures it appears that the increase during the ten years was $12,000,000,000, or at the rate of $1,240,000,000 a year. In commenting on these results, Mr. Giffen says, "This is the capitalized value of the income derived from capital, using as far as possible the data of the income-tax returns as the basis of the estimate. It is a bewildering figure, about eleven times the amount of the British National debt, which may thus be reckoned, with all soberness, as a flea bite. Nearly 7,500 millions out of this amount besides, must be reckoned as income yielding, only the remaining 1,000 millions being set down as the value of movable property or the direct property of imperial or local authorities, which does not yield any individual revenue. The suggestion may perhaps be made that to some extent these are only figures in an account. That the capital outlay on the soil, plant, machinery, factories and houses of England, or on the circulating capital of English industry, would not come to so much. But, in reply, I would say that, while there is no evidence one way or the other as to what the outlay has been, while we shall never know what it has cost, from generation to generation, to give us all this inheritance, there is some justification for thinking that the values are stable and

not transitory. They represent an estate on which thirty-four millions of people have facilities for production and distribution, which must be equal, all in all, to the facilities existing anywhere else." The income-tax returns show that the gross income assessed, rose in Great Britain from $575,000,000 at the beginning of the century, to $850,000,000 in 1815, $1,255,000,000 in 1843, and $1,310,000,000 in 1853; and then in the United Kingdom, from $1,540,000,000 in 1855, to $1,980,000,000 in 1865, and $2,855,000,000 in 1875. The increase in the income assessed between 1865 and 1875 amounts to $875,000,000, which is equal to forty-four per cent. of the income assessed in 1865. Assuming for 1865 a total capital of about $26,000,000,000, the increase, at forty-four per cent. would be $11,440,000,000, or in round figures, $1,150,000,000 per annum.

With much labor Mr. Giffen has compiled tabular statistics of the details of increase under the different heads of lands, houses, &c. He adds the following remarks upon the results to which his researches have led: "Generally, I believe it will be admitted, these details correspond with what we should expect to find. The small increase in lands and farmers' profits is what we should expect to find from the comparative stationariness of agricultural industry, while there is a comparatively large increase in railways, somewhat above the average, and an enormous increase in mines and iron works, corresponding to the rapid development of iron and coal mining under the influence of the inflated prices of 1871–73. In the latter case, probably, part of the increase may be due to improved valuations, but it is in this direction certainly we should have looked for a great increase. So far as it goes, also, the increase of public funds—schedule C.—is in correspondence with the fact of immense public loans to foreign countries in recent years, though it does not indicate, we believe, the full amount of the increased lending to foreign countries, which we have endeavored to allow for otherwise. The item which will perhaps excite most surprise is the increase of other income-tax income, principally trades and professions, and public companies. The estimated increase amounts to 469 millions sterling, on a total of 659 millions sterling in 1865, or seventy-one per cent. Since 1855 the addition to capital has been immensely greater in proportion than the increase of population, whereas population has increased about one per cent. per annum, property has increased three to four per cent. As regards the question of the margin of taxation, the figures are absolutely astounding. The apparent increase of capital between 1865 and 1875 alone is 2,400 millions sterling—that is, about three times the amount of the British National Debt. That is to say, Great Britain has acquired in ten years three times the amount of its debt; it could pay the debt three times over, and still be as rich as at the begin-

ning of the decade. Allowing that to keep things in equilibrium there ought to be an increase of capital *pari passu* with the increase of population, the increase of capital in the ten years (1865–75) merely to keep the community as rich as it was, would only have been a little over 600 millions sterling. Deducting this from the 2,400 millions sterling of actual increase, we have still a sum of 1,800 millions sterling, or two and a half times the National Debt, which the nation could afford to pay, and still be as rich individually as it was ten years ago." It will be seen that Mr. Giffen's statistics do not confirm the calculations of Mr. Rathbone. Each of the two has probably omitted important factors of the problem. In what directions either of these inquirers has approached the nearest to the truth there will be difficulties in deciding, and opinions the most diverse will be held by competent authorities.

To Mr. Rathbone it may be replied that the export of securities to foreign countries does not necessarily indicate decadence in wealth. France exported foreign securities to an enormous amount during, and since, the payment of the war indemnity to Germany. But France, throughout this whole period, has been growing rapidly in wealth and productive power. The essential result to which we are led by Mr. Rathbone's figures is not that England is redressing her adverse balance of trade by the export of securities. What is of infinitely more importance as an economical fact is that England has lost part of the foreign demand for her surplus commodities, that her exports of manufactured goods have diminished, and that she is not creating as much new wealth now as formerly. As Adam Smith says, the aggregate increase in the wealth of a country comes from the total product of its agriculture and manufactures. If Mr. Rathbone could lay before us the exact statistics as to what is the annual product of the agriculture and manufactures of Great Britain for several successive years, he would enable us to compare one year's product with another. But no such statistics are to be had. He has, therefore, attempted to give us the next best evidence by publishing and calling special attention to the fact that, as the surplus of the products exported abroad has fallen off enormously, the total aggregate must have also suffered a similar diminution.

To Mr. Giffen it may be suggested that his method of capitalizing income, though it possesses great merit, and though at first sight it might seem to agree very well with the principles laid down by Adam Smith, has some important defects. Suppose, for example, a banker is asked to grant a credit. The first question he puts to the applicant is "how much are you worth?" If the answer is "I am worth a million dollars, because I made a hundred thousand dollars clear last year, and capitalizing this at ten years' purchase I am worth a million dollars now," we fear that without some

good collaterals to sustain it, the desired credit will be refused. Nor would much more success attend another negotiation if the claim were based on real estate capitalized at thirty years' purchase. Mr. Giffen will scarcely venture to affirm that either of these men adds to the present realized capital of the country a million of dollars because the one has real estate which, in thirty years, will produce a million dollars if it does not depreciate meanwhile, and the other can earn an income of a million dollars in ten years if his earning power keeps up. We have said that Mr. Giffen's method seems in accordance with the principles of Adam Smith; but that celebrated economist nowhere, we believe, pretends to count among the elements of realized wealth the skill and talent and productive power of years to come.

Whatever may be the conflicting opinions of rival disputants on these and numerous other questions of detail, which will easily occur to the reader, we have no doubt that on one point all will agree, namely, that both Mr. Giffen and Mr. Rathbone deserve the thanks of economists, and have done good service to political science and legislation in starting these interesting, fruitful and practical discussions.

AN ARGUMENT FOR BI-METALLIC MONEY.

While gold is not needed for payments of debts in Europe we only need *confidence* to be able to resume specie payments; but with a demand for gold for export sufficient to deplete (or to threaten to deplete) the stock of gold in sight, a reliance on confidence will be a delusion; and the *possession* of a large stock of gold will be necessary to ensure a continuation of gold payments.

To have an intelligent conception of the difficulties of permanent gold resumption we must, first of all, estimate the possible demand for our gold when the present abnormally low prices of our articles of export shall change, or when our creditors shall need gold sufficiently to insist upon our debts being paid.

The range of prices which, as at the present time, allows exports to the extent of over two hundred millions of dollars yearly more than the imports, is a proof of financial distress rather than of commercial wealth. To export pork at ten dollars a barrel does not show a satisfactory condition of trade, but indicates a sacrifice from poverty. We cannot keep up the present excess of exports except by selling our surplus at ruinously low prices, and by taking for payment, at high prices, our bonds held abroad, making thereby a double loss.

Admitting that with a return of prosperity a demand will come for a part of our gold, we can estimate this possible demand by the possible need for gold by our creditors.

During a period of twenty-five years the total banking liabilities of Great Britain have increased from $1,300,000,000 to $3,900,000,000. (We refer to the BANKER'S MAGAZINE for July, 1876, page 19, for more extended figures.) As is well known, the reserve of coin for this liability is mainly, if not entirely, held by the Bank of England; so that the increase of coin held by that bank, during the same period, shows the increase in the reserve for this increase in banking liabilities. The increase of coin in the Bank of England from 1850 to 1876, which includes the years of the greatest production of gold ever known, is about twenty-five millions of dollars. That is, for the increase in the banking liabilities in Great Britain, during the past quarter of a century, there has been an increase of coin reserve of only *one per cent.* of the increase in liabilities. The adjustment of modern banking, however, is such that a debtor's coin reserve is a creditor's coin reserve, and by the return of our bonds and other salable forms of indebtedness, whenever there is a demand for gold in Great Britain, our coin reserve will be depleted, first.

When we consider (1) the low coin reserve of the Bank of England; (2) the almost inconceivable superstructure of liabilities resting upon this coin reserve; (3) the amount of paper money in existence in this country, and (4) the foreign debt we owe, the conclusion is inevitable, that the continued resumption of gold payments in this country depends upon the exigencies of our chief creditor, whose banking system is in the condition of unstable equilibrium. The delicate adjustment of the stability of this inverted cone of modern English banking system, held in its place only by reliance on its debtors, is one of the wonders of civilization.

The chronic state of suspension of specie payments by Russia, Austria, Spain, South American States generally, etc., and the ability to continue gold coin payments by only a few countries in Europe, together with the small stock of coin held by all the National Banks of Europe ($850,000,000) renders a single gold standard of money for all nations an apparent impracticability. Only creditor nations can pay their debts in gold until the somewhat mysterious disappearance of a large portion of the forty-five hundred millions of dollars of gold and silver produced since 1850 is explained, and future depletion prevented.

The demonetization of silver is perhaps the greatest force working in late years in causing or continuing the suspension of specie payments by so many nations, and of this force the enhancement in the value of gold is a necessary result. Perhaps a general, if not universal, return to bi-metallic money would reëstablish prices and restore prosperity now wanting in the whole civilized world, bi-metallic France excepted. Prices, if a general gold standard is adopted, must permanently be reduced in proportion to the amount of silver demonetized, and the reverse proposition holds good. H.

TAXATION AND UNION OF THE BANKS.

Among the conspicuous duties of the present time scarcely any will compare in urgency and force with the duty of promoting harmony and preventing discord or division among our banks. Seldom in the past history of our banking system has the necessity been more imperious for drawing closer the bonds of union, and never since the war have the advantages of such a policy been so needful or so easy to secure. The near approach of the time fixed for resumption, the hopes cherished for the recuperation of business, the recent increase of our export trade, and the changes which have so rapidly developed our National wealth and productive power, are so many arguments in favor of union. They cause a vast pressure upon our banking machinery, and augment the necessity of providing means to meet it. Just as in a cotton mill an increase in the dependent spindles or looms increases the pressure upon the steam engine and its connecting mechanism, so does any revival of trade in our agricultural, manufacturing or commercial community develop a new pressure on the mechanism of the banks on which all depend, and by which the motive power of capital is distributed to forty millions of the busiest people of whom history makes mention. But if the pressure upon our banks is growing more severe and more imperious year by year, then it is evident that the banks should be strengthened both in themselves and in their ability to aid the commerce and industry of the country. Equally certain is it that if there are any conspicuous obstacles which weaken the banks under the pressure, and impede or hamper them in the daily increasing demand, it is the duty not only of bankers but of all good citizens to deal wisely with such obstacles, to strive if possible to remove them and to take care that the efficiency of our financial system shall rise in proportion as the work increases which it has to do.

Are there not such obstacles? Look for example, at the excessive taxation on the banking business. Is it not generally known that the bank taxes imposed by the Federal Government during the war, for war purposes, are resting to this day in all their crushing, withering force upon the banks? That these war taxes are doing harm in ten thousand ways to our commerce and agriculture? That they check trade, contract banking facilities, lessen the ability of the banks to assist industry, drive capital away from the banking business, increase the danger of panics by lessening the guarantees and weakening the safeguards against them; and that, if not taken off, these taxes threaten to disorganize our banking

system, and fatally to weaken it when it should be strong? If this is so, and if it is known to be so, then one of the paramount duties to be done without delay, not only by our banks and bank officers, but by our members of Congress and of the State Legislatures, as well as by our patriotic citizens and men of business throughout the country, is to mitigate the force of this great evil, and to labor earnestly in every constitutional way for the repeal of the war tax on the banks.

But is not the taxation of the banking business in great part due to the lack of organization among the banks themselves? And if, as has been often shown, enlightened union among our banks is an advantage to the whole country, then is not such an organization a proper object at which to aim? We have in the United States 6,240 banking institutions. Of these, over two thousand are National banks, nine hundred and forty-eight are State banks, and six hundred and forty-eight are Savings banks; while the rest are private banks, trust companies, and like institutions. For many years these four or five classes of banks have been too much separated from each other by distance, prejudice, rivalry, and conflicting claims. From trivial causes our banks have been kept asunder and divided into factions. They have failed to recognize how closely allied are all the members of our banking system, and how if one suffers all the rest suffer with it. And in these facts there is an obligation which thoughtful men must recognize that some concerted action should be set on foot to bring the banks together, and to cement as closely as possible their coöperation for the public good.

It is largely due to the recent activity of such organization, that the American Bankers' Association, in a recent circular, anticipate that there is a fair prospect that the House of Representatives will favor and pass the bill for the repeal of the Federal tax on bank deposits. The general impression is, that the banks have done wisely to concentrate their efforts on this deposit tax, which is the most oppressive and mischievous of all the taxation levied by the National government upon the banking business. The amount which the treasury receives from it averages only six millions a year, and facts have abundantly demonstrated that this sum can be spared by the treasury, and that a notable and undoubted benefit would be thereby secured to the business of the country. We have frequently illustrated the serious nature of the evils which result from the oppressive taxation levied on the deposits of the banks. The aggregate of these deposits, on the 3rd November, 1876, the most recent date for which we have the full details, was reported at $2,029,163,672. Of this sum the private banks, State banks, trust companies and Savings institutions hold an aggregate of 1,366 millions, distributed among the various States as shown in the subjoined table, compiled by the Commissioner

of Internal Revenue. We add the National bank deposits from the report of the Comptroller of the Currency of the nearest corresponding date, which is October 2, 1876:

DEPOSITS OF BANKS, BANKERS, SAVINGS AND NATIONAL BANKS.

State or Territory.	*No. of Banks not National.*	*Capital of Banks not National.*	*Deposits of Banks not National.*	*Taxable Deposits of Banks not National.*	*Deposits of National Banks.*
EASTERN STATES.					
Maine	67	$245,629	$31,122,938	$3,366,477	$7,153,989
New Hampshire	70	203,655	30,805,719	5,028,003	2,920,065
Vermont	21	267,916	7,888,786	2,160,642	4,170,346
Massachusetts	241	4,036,779	238,877,284	12,230,924	85,628,460
Rhode Island	58	4,008,608	53,668,109	18,635,694	8,202,783
Connecticut	107	3,134,225	80,750,118	20,496,052	14,779,036
Total	564	$11,896,812	$443,112,954	$61,917,792	$122,854,679
MIDDLE STATES.					
New York	847	60,453,834	445,161,248	164,293,579	238,417,993
New Jersey	75	2,537,260	36,561,818	12,217,070	18,266,750
Pennsylvania	484	21,196,326	99,899,246	81,350,216	98,339,974
Delaware	9	680,563	1,268,368	692,657	1,970,447
Maryland	59	4,791,796	24,964,109	8,263,482	16,666,283
District of Columbia	16	560,556	3,723,851	3,313,759	1,673,523
Total	1,490	$90,220,335	$611,579,240	$270,130,763	$375,334,970
SOUTHERN STATES.					
Virginia	81	3,573,464	7,184,611	6,785,883	5,806,206
West Virginia	23	1,385,098	3,885,942	3,885,942	1,249,474
North Carolina	20	812,749	1,250,150	1,250,150	2,430,756
South Carolina	19	1,040,740	976,991	912,615	1,840,243
Georgia	70	4,903,460	3,536,490	3,503,622	1,733,274
Florida	4	44,500	245,016	245,016	66,397
Alabama	23	1,166,095	1,746,036	1,746,036	849,659
Mississippi	24	1,110,640	1,343,410	1,343,410	——
Louisiana	27	3,714,747	6,890,789	5,484,001	5,922,206
Texas	100	3,295,828	4,351,003	4,351,003	1,486,598
Arkansas	14	239,138	251,513	251,513	229,388
Kentucky	89	13,369,802	12,055,633	12,055,633	5,634,623
Tennessee	29	1,612,557	2,560,094	2,560,094	4,700,841
Total	523	$36,268,818	$46,277,678	$44,374,918	$31,949,665
WESTERN STATES.					
Ohio	293	9,215,154	38,461,238	32,227,510	31,019,565
Indiana	142	5,774,731	11,301,554	9,799,127	13,220,099
Illinois	359	10,636,714	34,298,544	26,545,523	33,144,406
Michigan	155	3,679,442	11,134,713	11,134,713	11,585,405
Wisconsin	98	1,961,817	9,902,243	9,885,563	6,492,679
Iowa	241	4,436,950	9,155,064	9,083,739	8,193,513
Minnesota	63	1,134,196	2,281,277	2,251,434	6,453,971
Missouri	216	11,951,180	36,140,563	35,716,402	8,967,548
Kansas	102	1,614,045	2,542,715	2,542,715	2,342,291
Nebraska	33	372,840	1,005,235	1,005,235	2,986,832
Oregon	8	611,503	1,224,120	1,224,120	885,959
California	122	25,554,673	104,434,908	71,656,606	2,499,494
Colorado	29	470,387	954,644	954,644	2,538,342
Utah	6	145,317	614,662	601,248	253,336
New Mexico	4	——	37,092	37,092	223,925
Wyoming	3	19,077	20,105	20,105	265,489
Idaho	4	114,111	44,735	44,735	131,264
Dakota	8	27,378	114,348	114,348	171,480
Montana	6	90,016	73,363	73,363	873,410
Washington Territory	4	191,718	198,728	198,728	——
Nevada	16	274,031	1,865,627	1,865,627	——
Total	1,912	$78,265,280	$265,805,478	$216,982,577	$132,249,008

RECAPITULATION.

State or Territory.	No. of Bks. 6 mo's end'g Nov. 30, '76	Average Capital.	Average Deposits.	Average Taxable Deposits.	Total Deposits of Nat'l Banks.
Eastern States......	564	$11,896,812	$443,112,954	$61,917,792	$122,854,679
Middle States.......	1,490	99,220,325	611,579,240	270,130,763	375,334,970
Southern States.....	523	36,268,818	46,277,678	44,374,918	31,949,665
Western States.....	1,912	78,265,280	265,805,478	216,982,577	132,249,008
Grand Total......	4,489	$216,651,245	$1,366,775,350	$593,406,050	$662,388,322

These statistics show the magnitude of the bank deposits throughout the various States, and prove that the whole country is interested in the repeal of the deposit taxation. If this beneficent result should be reached this session, it will add another to the long list of notable illustrations of the principle that union among our banks has benefits to confer, not only on the banks themselves, but on the general interests of agriculture, commerce and trade. There is little doubt that if the banks had united, in 1865, as at present, the numerous evils of bank taxation would long ago have been suppressed.

THE BELGIAN MONETARY DOCUMENTS.*

BY GEORGE WALKER.

[THIRD PAPER. SEE BANKER'S MAGAZINE, DECEMBER, 1877, AND MARCH, 1878.]

Our last paper included the Sixth Part of the Second Series of these Documents.

THE SEVENTH PART contains the Report of the Monetary Conference of the Latin Union, held at Paris, in January and February, 1875. The Delegates to this Conference were the same as to that of 1874 (See BANKER'S MAGAZINE, March, 1878, p. 692.) except that M. Jaegerschmidt, *Sous Directeur* of the Ministry of Foreign Affairs, was added on the part of France, and M. Kern, Swiss Minister at Paris, who was prevented by illness from attending the last Conference, took the place then occupied by M. Lardy, Chargé d'Affaires *ad interim*. M. Dumas and M. de Parieu acted as President and Vice President as before,

The object of the Conference was to renew the additional treaty of 1874, limiting the silver coinage to the amounts specified in that treaty, namely, 120,000,000 francs—(See Part Second, BANKER'S MAGAZINE, March, 1878, p. 692). There were five sittings, beginning with the 25th of January and ending on the 5th of February. The following special allowances were accorded to Italy, owing to her exceptional position : First, the privilege of converting ten millions of francs

* Documents Relatifs à la Question Monétaire; Receuillis et Publiés en Fascicules, par M. J. Malou, Ministre des Finances. Deuxieme Série. Bruxelles, F. Hayez, Imprimeur de L'Académie Royale de Belgique, 1876. Folio, pp. 669. (12 Fascicules.)

of old silver coins (not decimal) into five-franc pieces; Second, that of putting into circulation the twenty million francs of bank reserves exceptionally allowed to her in 1874. In consideration of the first of these allowances, each of three other contracting States was authorized to coin five-franc pieces in excess of its contingent under the treaty of 1874, not to exceed one quarter part of such contingent. The treaty of 1875 was signed on the 5th of February, and a new Conference was agreed to be held in January, 1876—(See Tenth Part, post p.) The decline in the value of silver was not as fully discussed as in 1874, but the subject came up on three or four occasions, and the attitude of the several countries upon the question of the standards appeared to be unchanged. The Swiss delegates, as before, claimed that silver was permanently depreciated, and that the action of the Union in limiting the coinage was a first step towards its demonetization. The French delegates, on the other hand, (except M. de Parieu,) still insisted that the decline was due to exceptional causes, and that the double-standard system was only temporarily suspended. The President, M. Dumas, attributed the fall of silver largely to the suspension of specie payments and the existence of a forced paper currency in several important countries of the world. Russia had, at present, no metallic circulation, but it had paper money amounting to $627,200,000, besides Treasury bonds of $170,000,000, the paper money being at sixteen per cent. discount. Germany, although circulating metallic money, had also a paper circulation of $305,673,000, of which $125,000,000 was in excess of the metallic reserve. Austria had, in 1870, a forced paper circulation of $116,000,000 at twenty per cent. discount. [In 1877 the circulation of State notes and bank notes was $310,000,000.] Italy had $303,000,000, of which nearly half was in denominations between fifty centimes (ten cents,) and twenty-five francs ($5). In short, there were more than $1,500,000,000 of paper money afloat in Europe, of which a large proportion was depreciated from sixteen to twenty per cent. [To this should be added about $700,000,000 of bank, and legal-tender Government paper money in the United States.]

"This phenomenon," said M. Dumas, "is the most important of all bearing on the subject, and it has especially contributed to drive silver out of circulation, for it must not be forgotton that of this sum of more than seven milliards ($1,500,000,000), at least three milliards ($600,000,000) have been issued in small denominations, that is to say, for the carrying on of those petty business transactions for which silver money is principally adapted. In view of this condition of the credit circulation, the production of silver from the mines, whether greater or less, can be of only secondary importance."

THE EIGHTH PART relates to Holland, and contains:

(1.) Explanatory Report, accompanying a Bill proposing new temporary measures in connection with the monetary system. (April 17, 1875.)

(2.) The Bill last referred to.

(3.) Report of a Committee of the Second Chamber of the States-General, giving a summary of the debate on said Bill. (May 12, 1875.)

(4.) Reply of the Minister of Finance (Van der Heim) to said Report. (May 15, 1875.)

(5.) Act of June 6, 1875 authorizing the coinage of gold pieces of ten florins.

The Bill (2) which was introduced April 18, 1875, provided for the coinage of gold pieces of ten and five florins $\frac{9}{10}$ fine, and for stopping the coinage of one-half, one, and two, "Williams" of gold, provided for by the laws of November 26, 1847, and May 1, 1854. The new coins were to be a legal tender (money of payment). The coinage of silver, except for account of the State, was to continue suspended till January 1, 1877.

In his Explanatory Report (1) the Finance Minister reviewed the recent monetary legislation of other countries, premising that "if it is demonstrated that the measures adopted in those countries indicate a growing preference for gold as the only standard, Holland would find herself gradually becoming isolated, and in a hazardous position in respect to her foreign commerce." He then proceeds to state what had been done in the countries of the Latin Union towards suspending silver coinage after the Conference of January, 1874; the progress of the German coinage reform; the demonetization of silver in the Scandinavian States; the gradual substitution of gold for silver in the reserves of the Russian and Austrian banks (still under a suspension of specie payments), and finally the passage of the United States Coinage Act of 1873, "*establishing gold as the only standard*," and of the Resumption Act of 1875, providing for the resumption of specie payments in January, 1879.

The conclusion drawn from this review of the monetary situation was, "that silver had lost ground as a metallic standard." As showing, however, the tenacity with which the metallic money of a country holds its relation to prices, in spite of a decline in its intrinsic or bullion value, Mr. Van der Heim states, that when silver fell in London to 57*d.* not only was "the silver money of Holland not depreciated at home, but its purchasing power in the markets of the world, as indicated by the price of exchange on London, was hardly changed at all, being in fact about nine per cent. above its bullion value."

The time did not, however, seem to him opportune for a final decision on the question of the standards. The coinage of

the country needed enlarging, but it would be hazardous to coin silver, and hardly less so to commit the country to gold while that metal was so much in demand, and when the substitution of it for silver would be so costly and inconvenient. The new law was, therefore, simply designed "as a provisional and temporary measure," enabling the government to watch the course of events before adopting a definitive policy.

The Report of the debates on the measure in the Second Chamber (3) indicate a strong hostility to any further steps in the direction of the gold standard. The Bank of the Netherlands had taken a pronounced position on that side. A remarkable article in the *Economist* of January 16, 1875, was cited, in which the steady decline in gold production was dwelt upon, and the annual supply shown to be inadequate to meet the current demands, "even without an extra demand for Germany, and without any resumption of specie payments in the United States." On these data the *Economist* hazarded the prediction, that "at some point or other, the pressure on the money market must again become severe, and one of the great gold using countries must abandon its standard, or the supply from the mines must be increased; and the chances, we fear, are altogether against the recurrence of either of the two latter alternatives."

The fact that in January, 1879, the United States would, by resuming specie payments on a gold basis, become a new competitor for that metal, was also adverted to, and a new and very serious disturbance of the gold market predicted in consequence. The motives of Germany in adopting gold have been a matter of no little dispute. On this point, the Dutch reporters say, "*it must not be forgotten that the aspiration of Germany for unity was the real reason for adopting the gold standard in that country.*"

The only important statement in the Reply of the Finance Minister to this Report (4) is the declaration *that the Government regarded the law as a step towards the adoption of the gold standard.* The law as passed June 6, 1875 (5) differs only from the Bill (2) in omitting the piece of five florins from the new gold coinage. It was required to be revised before the 1st of January, 1877.

The NINTH PART relates to Germany, and contains the Fourth Memorial upon the execution of the Monetary Legislation—(November 30, 1875). (For the earlier Memorials on this subject, see Part Third of this Series: BANKER'S MAGAZINE, March, 1878, p. 694.)

This paper is chiefly valuable as showing the successive steps by which the new monetary system was superinduced upon the old. Table 1 in the appendix makes known the measures taken up to October 17, 1875, for driving out of circulation the coins of different countries. Domestic coins

were retired and re-minted in harmony with the marc system, and the Federal Council prohibited foreign coins from being either given or received in payment.

The facts relating to the withdrawal of the coins of different countries are presented in distinct tables. Table 2 gives the number and value of foreign gold coins retired under the laws of December 4, 1871, and July 9, 1873, up to June 30, 1874, the limit fixed for their conversion. The amount so retired and re-coined was about 90,948,000 marcs ($22,737,000). Table 3 shows that out of a total of 530,276,416 marcs ($134,819,104) of gold coins issued by the different States of the German Confederation, only 98,632,021 marcs ($24,658,000) or less than one-fifth had been retired; what had become of the remaining $110,000,000 there was no means of ascertaining. Also from Table 4 it appears that out of an issue of 44,000,000 florins in two-florin pieces, only 30,000,000 had been presented for exchange, leaving fourteen millions unaccounted for.

The Memorial gives many interesting particulars respecting the coinage operations of the several mints and the cost to the Government of these operations. For an examination of these the reader is referred to the text.

In conformity with Article 1 of the Monetary Law, an ordinance was issued September 22, 1875, by the terms of which the Imperial Monetary System was to go into effect on the 1st of January, 1876, throughout the territories of the Confederation.

The TENTH PART contains the Report of the proceedings of the Monetary Conference of the Latin Union, held at Paris in January and February, 1876.

The only changes in the delegates from those who took part in the Conference of 1875 were that, besides M. Jacobs, (who has been a member of all the Conferences,) Belgium was represented by M. Sainctelette, Honorary Engineer of Mines and Commissioner "des Monnaies;" and by the Baron de Pitteurs-Hiegaerts, Counsellor of the Belgian Legation at Paris; that M. Parieu was absent from the French delegation by reason of ill health; and that Italy was represented by the Commander Barolis, Director of the Royal Mint at Milan, in place of M. Magliani. Greece took part in this Conference, being represented by M. Delyouni, Chargé d'Affaires, at Paris.

The principal question before the Conference was to determine whether the provisions of the first Article of the additional treaty of 1874, relative to the limits assigned for the coinage of five-franc pieces, should be renewed for the year 1876. The Conference held seven sessions, beginning with the 20th of January and ending on the 3d of February, on which day a Declaration was signed fixing the maximum coinage for 1876 at 120,000,000 francs, the amount authorized in 1874 and

1875—(See *ante* Part Sixth, p. 698). The distribution was, however, slightly changed, in order to provide for the wants of Greece, to which was assigned, as her due proportion, 3,600,000 francs, and in addition, for the replacing by five-franc pieces other silver money in circulation, 8,400,000 francs. Of the residue of 108 millions, Belgium received 10,800,000, France, 54,000,000, Italy, 36,000,000, and Switzerland, 7,200,000.

A new Conference was agreed to be held at Paris, in January, 1877, but until after it should be held "*bons de monnaie*" for the coinage of 1877 could not be issued by either country exceeding half its contingent under the present treaty.

The question of the standards was more frequently alluded to than in the Conference of 1875. The Swiss delegates had been instructed by their Government to solicit a reduction of the contingents to one-half the amounts of 1875 and "in view of the continual decline in silver, to impress anew upon the Conference the necessity of abandoning the existing position by the adoption of the gold standard." These views were, as on previous occasions, strenuously advocated by M. Feer-Herzog, and not less vigorously combatted by M. de Soubeyran. The Swiss delegates earnestly requested the Representatives of the other Governments to study the question of the gold standard in order that it might be made the principal topic of discussion at the next Conference. The President, M. Dumas, gave assurance that the subject was receiving the gravest attention at the hands of the French Government, but that he could not anticipate their final conclusions, and that he was *instructed to reserve to them entire liberty of action.*

Among other important papers deposited with the Conference, was a Memorial addressed by the Chamber of Commerce of Paris, dated January 10, 1876, in favor of adopting the gold standard. *Per contra* the Bank of France, in a letter addressed to the Conference, agreeing to receive five-franc pieces coined by any of the Signatory powers, equally with those of France, took occasion to express the conviction of its General Council that the limitation put upon the silver coinage "*did not, the least in the world, foreshadow, in its eyes, the question of the demonetization of silver.*" [As this is the last Conference which has been held by the countries of the Latin Union, it is proper to state, that the proposed Conference of 1877 was postponed by correspondence, till a later period of the year, and finally abandoned. Under the 5th Article of the Declaration of 1876, already referred to, which limited the delivery of "*bons de monnaie*" in 1877 to one-half the contingent allowed for 1876, the coinage of 1877 could not have exceeded 55,500,000 francs. In point of fact, Belgium and France during 1876 suspended coinage altogether. The Conference which was to have been held in January, 1878, did not take place, but an arrangement is now being negotiated

for either fixing the date when it will meet in the course of the present year, or determining, in the meantime, by common consent, the rights and obligations of each of the parties in regard to the coinage of five-franc pieces. The original treaty of 1865, which established the Latin Union (see Part Second, 1st Series, BANKER'S MAGAZINE, December, 1877, p. 423), was to remain in force till January 1, 1880, and, unless dissolved by one year's notice prior to that date, for fifteen years longer. In the last number of the BANKER'S MAGAZINE (p. 713) is an important declaration on the subject of the continuance of the treaty, recently made by M. Léon Say, the French Finance Minister, to the French Senate, from which it appears that the treaty will undoubtedly be modified during the present year. Its future character is not unlikely to be influenced by the action of the American Government under the Silver Bill.]

THE ELEVENTH PART relates to the Scandinavian countries, France, Belgium, and Holland, and contains:

(1.) Scandinavia. The accession of Norway to the Monetary Convention of May 27, 1873. (March 14, 1876.)

(2.) France. *A.* Bill relative to the right to limit or suspend the fabrication of five-franc pieces, presented to the French Senate, March 21, 1876. *B.* Counter-Proposal, made to the French Senate, March 29, 1876, by M. de Parieu, Senator.

(3.) Belgium. Bill presented April 23, 1876, to the Chamber of Representatives.

(4.) Holland. Bill fixing the Monetary System, presented May 9, 1876, to the Second Chamber of the States General.

On the 16th October, 1875, there was concluded between the governments of Denmark and Sweden and Norway, a convention supplementary to the Monetary Treaty between Denmark and Sweden of May 27, 1873 (see First Series, Part 5, BANKER'S MAGAZINE, December, 1877, p. 429), by which the arrangements of that treaty were extended to Norway. The unity of account was to take effect from January 1, 1877, but all coinage not in conformity with the treaty was to cease from the exchange of ratifications. The old copper and silver coins (not within the treaty) were to cease to be legal tender—the three and twelve-shilling pieces before the end of 1883; all others before the end of 1880. The ratifications were exchanged March 14, 1876.

France. The Bill presented to the French Senate, March 21, 1876, by M. Léon Say, the Finance Minister, authorized the limitation or suspension, by decree, of the fabrication of five-franc pieces of silver. M. Say stated that he was not prepared to discuss the principles involved, and made no pretension to resolving the problem of the double or single standard. The only object of the law was to meet a present emergency, which might disappear or perpetuate itself, accord-

ing to circumstances. He pointed out as the three principal causes of the depreciation of silver, the same facts which were, a few months later, accepted as such by Mr. Goschen's English Committee, namely, the demonetization by Germany, the increasing production of American mines, and the declining exports of silver to India. "There is, therefore, in this grave question, and in respect to the importance of established facts, a great deal that is yet unknown touching the relation which will in future be established between the value of silver and that of gold. Under these circumstances, it appears to us premature to consider the fall of silver as a settled fact; and yet imprudent to treat it as a fact to be despised."

In opposition to this measure for giving discretionary power to the Government, M. de Parieu offered, on the 29th of March, a counter-proposal to prohibit altogether the coinage of silver money nine-tenths fine, (five-franc pieces,) until otherwise ordered. He supported this proposal with able arguments in favor of a full adoption of the gold standard, claiming that the double standard, on which the monetary law of Germinal au XI. (March, 1803) reposes, has been combated ever since its origin. He attributed its adoption to "a primitive inability among legislators to combine, otherwise than on terms of unlimited competition, the two precious metals, both adapted to enter into the monetary system, but which more recent legislation has learned to coördinate in a limited competition, leaving to gold alone the unrestricted function of payment, and reducing silver to the rôle of token money." That since 1857 the French Government had submitted the monetary question to examination, and from that time to 1870, the principle of the gold standard had gained a constantly increasing adhesion in many Governmental Conferences. He then proceeds to show the repeated variations from the established ratio which had occurred both before and after the California gold discoveries. Reviewing the history of the Latin Union, he claimed that its principle was one of progress, and that in the light of administrative studies and contemporary legislation, it ought to assume a more positive position and not content itself with mere temporary and temporizing compromises.

The question was submitted to a legislative commission which, on the 7th June, 1876, presented its report through M. Rouland, Senator, and Governor of the Bank of France. [M. Rouland is well known as a defender of the double standard, his testimony before the Monetary Inquest of 1869 to 1870, having been one of the strongest presentations of that side of the question.] The report showed how, under the exceptional condition of the silver market, the continuance of coinage by the States of the Union had driven silver into France, being a creditor country; Belgium, Italy

and Switzerland sent their coins, being a legal tender; other countries sent bullion and had it coined at the Paris mint, realizing the profit. The committee, however, declined to admit that the permanent depreciation of silver was an established fact. Reversing the order of the causes assigned by M. Say for its decline, putting India and Germany first, and the increasing product last, the commission proceeded by a careful analysis of each of these causes, to show that the facts on which the first two depended were "purely temporary and accidental," and that the third, even though it might prove to be of a permanent character, "could exercise scarcely any influence on the solution of the problem."

The Government measure received the approval of the commission, but it was afterwards so modified as to make it applicable only to coinage for private account—(See *post* Part 12).

Belgium. On the 24th of April, 1876, a law was passed in these words: "The law of December 18, 1873, relative to the coinage of silver, shall remain in force until January 1, 1879."

The law of 1873 authorized the Government to suspend or limit the fabrication of five-franc pieces of silver. (This had, however, already been done by the Belgian Ministry in September, 1873.) It was to expire July 1, 1875, but was, by Act of April 27, 1875, extended to December 31, 1876. This law was the first act of limitation passed by any of the Latin States, and preceded the first Conference held for that purpose by the Union in January, 1874.

In the "Exposé des Motifs," accompanying the Bill of April, 1876, M. Malou gave a history of the coinage operations of the several Latin States in 1874 and 1875. All the countries coined their several contingents in 1874, and all but Switzerland in 1875.

A remarkable fact, stated by the Belgian Minister, is the slight effect which the depreciation of silver bullion had produced on coin. "A phenomenon which pure theory would find it hard to explain, or would not explain satisfactorily, is that far from complaining of an excess of five-franc pieces since the relative depreciation of silver began, there have more than once been fears that there would be a scarcity for the demands of the circulation." "Facts demonstrate that, in spite of the enormous quantity produced before any limitation was put upon the coinage, silver money is not superabundant, and what is more, that that money has not been demonetized or put under suspicion in general opinion, notwithstanding the relative depreciation of the metal which composes it. If there had been an excess over the demands of the circulation, or if any doubt or moral discredit had arisen, one or the other of these causes would alone have

been sufficient to cause silver money to flow towards the reservoirs of the banks." "Not one, however, of the sinister predictions which were revived in 1873 has been realized up to the present time: neither a general rise of prices, nor a disturbance of the exchanges detrimental to us, not an advance in the rate of discount."

Holland. A message was presented, May 9, 1876, to the Second Chamber of the States General, by the Finance Minister, Van der Heim, in the name of the King, proposing a definitive measure for the establishment of the gold standard. By the terms of the Bill, the unity of account was to continue to be the florin, divided into one hundred cents. Instead, however, of being as before of silver, gold was made the base of the monetary system on the ratio of 0.6048 of a gramme of fine gold per florin. The system of the Netherlands was thereafter to consist of money of payment in gold, token money in silver and money of commerce in gold.

The moneys of payment were to be pieces of ten and five florins, nine-tenths fine. The silver coins, pieces of two and one florin, 0.945 fine, and of twenty-five, ten and five cents, 0.720 fine. The moneys of commerce were to be the ducat, and the double ducat, 0.983 fine. The Explanatory Memoir with which the Finance Minister introduced this legislation, bases it upon the previous intimations of the government (especially in the memoir explanatory of the law of 1875) that the monetary laws adopted since 1873, (see Dutch papers *ante*), all looked towards the ultimate substitution of gold for silver, as the standard of the country. The reasons at this time, assigned for demanding definitive action, were the condition of the metallic reserve, the state of the exchanges, and the facts and tendencies developed in the legislation of other countries. The details would not interest our readers, and are of no scientific importance in this brief analysis, especially as the proposed law did not pass (see *post* Part 12).

Part Twelve relates to France, Holland, and Spain, and contains:

(1.) France. Report made to the Chamber of Deputies by M. Dutilleue, in the name of the Commission charged to examine the Bill relative to the right of limiting or suspending the fabrication of five-franc pieces of silver (25th July, 1876).

(2.) Holland. Provisional Report of the Central Section of the Second Chamber of the States General, upon the Proposal to fix the Monetary System of the Netherlands, and upon new regulations relating to Dutch India (July 13, 1876).

(3.) Spain. Report on the monetary situation, made to the King, by the Finance Minister. Decree of August 20, 1876. Report of the Monetary Commission of August 4. (*Gazette de Madrid* of August 23, 1876.)

France. M. Dutilleue, who reported, July 23, 1876, on the Bill presented by the Minister of Finance, June 29, 1876, is General Director of the Movement of Funds in the Ministry of Finance, and has been a member of all the Conferences of the Latin Union. The Bill, which passed the Senate June 23d, authorized the limitation or suspension of the coinage of five-franc pieces of silver, *for private account*, by decree. It differed from the previously proposed law of March 21, 1876 (see *ante* Part 11), in limiting its operation to coinage for account of individuals, leaving the government free to coin for its own account. The Report was, like that of M. Rouland made to the Senate, a vigorous defence of the double standard. It asserts that "for seventy-two years this country owes in part to this tutelary provision of its monetary system, the having been able to pass through, without embarrassment in an economical point of view, the most critical circumstances; the having been able to overcome unprecedented difficulties, the very recollection of which makes one tremble; it owes in part to that system, the broadest and most solid monetary situation to be found in the world, the one best adapted to the wants and to the convenience of the people." Referring to the English Silver Commission, then in session, the Report states "That the question under discussion interests not less vividly, on the other side of the Atlantic, the country which is the great producer of silver, and which at this moment seems determined to replace its paper money with a metallic circulation. Not less interested are all those countries of Europe, which are straining painfully after the same end, and who would see that end deplorably postponed if silver were to be deprived of its monetary function, and if gold were to remain alone charged with the duty of supplying the demands of the general circulation. *In all probability, if things do not return of themselves to a normal condition, there will be developed a necessity for conference, for exchange of ideas, for an agreement; and in this view also, it is important not to prejudice anything.*"

The law passed on the 3d of August, and was put in force by a decree of President MacMahon, issued on the 6th of that month. The law was to remain in force only till January 31, 1878. [We have already explained that it was, prior to its expiration, continued till March 31, 1879.]

Holland. In the last paper on the legislation of that country (*ante* Part 11), we stated that the Bill introduced by the Government for the establishment of the gold standard did not become a law. The paper now under consideration is a Report made by the Central Section of the Second Chamber of the States General, on the 13th of July, 1876. The conclusion of the Chamber was, that "it was not desirable to adopt, at the present time, a definitive measure for fixing the monetary system of the Netherlands." They were

not ready to admit that the depreciation of silver was permanent. The legal support, which had heretofore kept the two precious metals in a state of comparative stability towards each other, having been withdrawn, a great divergence had followed, and in the absence of such legal support considerable fluctuations might continue to occur. "But it is possible that the perturbation occasioned by this fluctuation of value between the two noble metals employed as money, might cause the advantages of the double standard applied to a large territory to be so apparent, that efforts would be made by the principal powers of Europe to obtain this result, and that those efforts would be crowned with success."

"Premonitory symptoms seem to indicate that a common regulation of the monetary system may be adopted among different States, by means of which an important rôle would be newly assigned to silver as a monetary metal. The English *Economist* of June 3, 1876, quoting the *Independence Belge*, speaks of an exchange of notes on this subject between the governments of France, Italy, Austria, and Russia:" "At all events, the monetary question has become of very serious importance—so serious that a desire ought to be entertained to see efforts made to reëstablish the old relation between the two noble metals, by means of a general arrangement, at least between the principal States of Europe. Such an arrangement could only consist in the adoption of the double standard over a territory so extended as to lead to the expectation that the legal relation of value to be established between gold and silver would determine the real relation." "Under existing circumstances they consider that it is the duty of the government to make this attempt. If it should be eventually proved, as many members considered probable, that there exists no hope of introducing generally the double standard, there would then be no other course for us than to adopt definitively the single standard of gold." "A very large number of members thought the government should give further light on the point, whether it is desirable and possible to secure an international recognition for the general, or *more general*, adoption of the double standard."

"If it should appear that no such negotiation in reality exists, or has existed, it is to be desired, inasmuch as this matter ought to be considered of great importance, that the government should examine and see whether there is not occasion to exercise its initiative to propose to other powers to open a conference relative to this so desirable measure. It is worthy of the Government of a country like our's, to take the first step towards relieving the difficulties which now rest upon the economic situation of all civilized countries."

The Bill proposed by the Government did not, as we understand, become a law, and Holland still remains in a

waiting position, the Ministry urging the remonetization of silver and the Chambers as steadily resisting it.

Spain. *A*. On the 20th August, 1876, by a royal decree, gold pieces of the value of twenty-five pesetas, nine-tenths fine [the peseta being 19.3 cents, the new coin=$4.83]. When the government shall judge that a sufficient quantity of gold money has been put into circulation, it shall fix the date after which no one shall be required to accept in any payment more than 150 pesetas of silver ($28.95).

The decree is accompanied by an "Exposé" *B*, made by the Finance Minister, Barzavallana, to the King. It discloses the fact that the coinage of silver had almost been interdicted to private persons. *C*. A Monetary Consultate Commission had reported in favor of this legislation, on the 4th of August, 1876.

Spain is a considerable producer of silver, and the Commission advised, and the royal decree made, a distinction in favor of the home producer of silver, who was allowed to exchange his bullion at the mint on the basis of 200 pesetas for each kilogram of fine silver. Silver not of home production was only to be received under an agreement as to price in each particular case. Spain, although not a member of the Latin Union, under a decree of October 19, 1868, assimilated her coinage to that of the countries included therein. The peseta, which is the monetary unit, is the exact equivalent of the franc of Belgium, France, and Switzerland and the lira of Italy. The creation of the new piece of twenty-five pesetas seems to shut her out for the present from the Latin family, but it is a step towards the adoption of an international gold coin, so much coveted by the French monometallists. The attitude of Spain would appear to be, like that of other bimetallic nations, one of uncertainty, depending for its solution upon the acceptance or rejection of a general arrangement among nations similarly situated.

Note.—In closing the analysis of the second series of M. Malou's invaluable collection, we are conscious of a great inequality in the treatment of the several papers, and it may be fairly said that we have not adhered to the plan with which we set out. When we began the analysis we intended only to give the subject matters of the several documents, leaving our readers to consult the documents themselves for details. As we proceeded, however, the important bearing of many of them on the monetary discussion going on in the United States and the fact that the originals are largely inaccessible, and locked up in a foreign tongue, led us gradually to enlarge the basis of the analysis, in order to make the contents of the documents more immediately valuable. We have now only to regret that time and space have not permitted us to do larger and fuller justice to them.

THE FUTURE OF GOLD AND SILVER.

The passage of the Bland bill gives to the bi-metallists who favor the restoration of silver to its ancient privilege of being a legal tender, while they disclaim any desire to inflate the currency or injure the public creditor, an opportunity of testing their doctrines by experience. They believe that the proper office of a double legal tender of both the precious metals is, not so much to keep them circulating side by side, as to preserve steadiness and uniformity in the standard of value, by transferring the demand and the use from the dearer to the cheaper metal, and thus raising the one and depressing the other, and preventing the fluctuations of both. The present ratio between the two is abnormal. For thirty centuries before 1873, comprising the whole period of human history, this ratio never had an annual average as high as the rate at our mint which is 15.99 to one. The supplies furnished by nature and the cost of production, compared with the wants and demand from age to age, had fixed a natural price to the two metals, from which only slight variations were experienced. During the present century the extreme fluctuations were from 15.2 to 15.8; in 1873 the ratio rose to 15.9, and in 1874 it was above 16; in 1875 it ranged from 16 to 17; in 1876 it advanced to 18, 19 and 20. In August of that year it reached its maximum and a reaction began which soon brought it below 18, and from that time to the present it has varied between 17 and 18. At present, when the English ounce of standard silver is quoted in London at 54¼ pence, the ratio is 17.38. A decline of eight per cent. in this ratio would bring it to 15.99 which is our legal rate, or the ratio of 412½ grains to 25.8, the weights of our silver and gold dollars. It is this decline, therefore, which must be produced by the new law, before the interest on our National debt shall be paid in silver, to justify the doctrines of these economists who favor the new coinage, without anticipating or desiring any injury to the holders of our bonds, who have bought them with the expectation of receiving the annual interest in gold. Will this decline be effected in the brief period that must elapse before the interest will be paid in silver?

There is not the slightest doubt of some decline in this ratio. The creation of a new demand for silver must, by the inevitable laws of trade, increase its value. And the cessation of a demand for gold and a release of the amount accumulated in our Treasury must, by the same necessity, diminish the value of gold, and, therefore, for both reasons, the ratio of the two metals must decline in the market. But will this

fall amount to eight per cent. in the limited time which is allowed for the change?

The coinage of our new dollars will proceed very slowly. The Superintendent of the Mints reports their utmost capacity at three and a half millions per month, or thirty millions in the present year; seventy by the 1st of January, 1880, and ninety by July of that year; but with the new mint, at New Orleans, this ninety will become 110 millions. As there will be an extra demand for silver on the 1st of January next, when the greenbacks will be redeemable in coin under the law of 1875, the Government will probably retain the new silver coinage to meet that demand. The Treasury notes will not, however, be presented then for redemption unless silver shall advance or greenbacks decline, so that the six-per-cent. difference which now exists between them shall disappear; but they will be presented for coin with which silver certificates can be obtained, for the payment of customs, as those of gold are now used. For every dollar thus issued, an equal amount of coin must be retained in the Treasury, so that it will be impossible for the Government to pay its interest in silver at the beginning of 1879. After that date, no gold will be received for duties, and the accumulation now in the Treasury will steadily decline by the payment of the interest on the public debt. As this interest is less than one hundred millions a year, and the gold in the Treasury 130 millions, these payments will soon exhaust the gold, and on July 1st, 1880, the Government will be compelled to use silver to meet its interest. And we thus fix the time in which the change in the ratio of the two metals must be produced, and the amount of the new silver coinage which is to bring about this effect; so that those persons shall be satisfied who believe that we should treat our public creditors not only justly and honorably but magnanimously, by paying them all that they could expect or desire. Will this time and this amount be sufficient for the production of this change, if no new event shall occur, not now anticipated, to interfere with the progress of prices? Will a new demand for 110 millions of silver raise its gold price from fifty-four to fifty-nine pence, or reduce the ratio of the two metals to sixteen to one?

To answer this question, it is necessary to understand the cause of the present disturbance in the values of the precious metals. This cause is fully known, and there cannot be a reasonable doubt of its operations. About 1873 there was a considerable increase in the production of silver in Nevada. This raised the supply from the mines, so that the production for the next three years for the whole world rose to 229 millions, against 215 for the preceding three, and 208 for the three before these. This insignificant increase could not have been the probable cause of the immense disturbance in the

European price, even if we had thrown our enlarged product on the London market. But as our mints were employed in this period in coining our new subsidiary silver, this home demand more than equaled our increased production, and the exports from the United States declined instead of advancing after 1873; so that the increase from our Nevada mines could not possibly have been the cause of the European changes. This decline in the supply of silver from our country is distinctly stated in the report of the English Silver Commission, who give the amount of our exports for the years preceding and following 1873, and prove beyond the possibility of doubt, that the mines of the United States have not caused the advance in the ratio of gold to silver. We, who are near these Bonanzas and hear so much of their progress, are ready to overestimate their influence. But the facts and figures utterly disprove this opinion. Some estimates of the world's production differ slightly from those given above, which are the official figures of the British Bureau of Statistics; but the new coinage of the United States is larger than the highest reports of the increase in Nevada; and this confirms the proof derived from the decrease in our exports, that it was not new silver from the mines which has depressed its value compared with gold.

Nor was it any decline in the exports to India. These did indeed fall off in the four years which followed 1872. But the increase in 1876 and 1877 more than equaled the decline of those years. The average export to the East from Europe for twenty-six years before 1876, including therefore the enormous amounts sent out for cotton during our civil war, was twenty-nine millions. In 1875 it was only twenty millions, and in the four years before 1876, the falling off was sixty-six millions. But in 1876, this export was forty-seven millions, and in 1877 it rose to eighty-six millions, showing an excess above the average, in these two years, of seventy-five millions. In the last six years the average export has therefore averaged more than in the twenty-six years from 1851 to 1876. And this does not include our exports from San Francisco, which have been steadily increasing for many years past.

These facts, which are all taken from the official reports of the American and English Silver Commissions, excepting only the exports for 1877, which are from the BANKER'S MAGAZINE, prove that there has been no increase in the imports of silver into Europe, nor any decrease in the exports to the East during the last five or six years, and therefore that no increased supply or decreased demand from without has produced the decline in its gold price from 1873 to 1878. The irregular exports to India influenced at times the variations in price, but the total influence of the last five years ought to have lowered rather than raised the ratio of gold to sil-

ver. Before 1873 that ratio was always between fifteen and sixteen for every year of the present century. From that year until the present, the net European supply of silver from the mines declined, and the exports to the East increased, and yet its gold price has fallen from sixty pence to fifty-four, and the ratio of the two precious metals advanced from 15.8 to 17.4. The inference is therefore irresistible, that the sole disturbing force in the European market was internal, and that cause is well understood.

In 1873 the German Empire, and Norway, Sweden, and Denmark passed laws to change their currency from silver to gold. In the next three years Germany had coined 350 millions of gold, and the Scandinavian States had exchanged ten millions of silver for ten of gold. Of the silver withdrawn by Germany in this time, only thirty-five millions were sold, as the greater part was needed for coining the subsidiary silver which replaced the coins withdrawn from circulation. The real change in the actual currency was very slight, because the silver withdrawn was of small coins whose place could not be supplied with gold. The new marks of gold became the principal reserve in the vaults of the banks, and displaced the smaller bank notes which were prohibited under twenty-five dollars. By October, 1876, this gold coinage had reached 480 millions.

In this short period of four years there was therefore an import into Germany from the rest of the world (for the Germans had no gold coinage, and the foreign gold in circulation was insignificant), of this immense amount of gold, which was four-fifths of the whole circulation of Great Britain, including the reserves of the banks and the supplies of the brokers. So large a demand, entirely new, could not fail to raise the value of gold, for it far exceeded the supplies from the mines. The release of forty-five millions of silver from Germany and the Scandinavian States had a similar influence on silver. And as the value of gold advanced, and that of silver declined, their ratio rose, because of both changes. Here was the sole and the sufficient cause of the whole disturbance in the standards of value. Judging by the amounts of the new demand for gold and of the new supply of silver, the principal change was the rise of gold and not the fall of silver. This is confirmed by the large decline of commodities in Europe, and of their steadiness in India and the East; and of both these facts the evidence is universally regarded as conclusive. In England, where gold is the only currency, an ounce of gold will buy more now than five years since, and in Calcutta, where silver is the only currency, prices are unchanged. The separate variations of the two standards of value, are, however, very difficult to determine, the change in their ratio being all that is seen in the daily quotations of bullion.

Having now eliminated from the three causes, that are

commonly assigned for the present disturbance of values in the two standards, the only one that has been really efficient, the way is open for measuring the effect of the Bland bill in counteracting this influence.

The German storm is nearly exhausted. They have coined nearly all the gold they need and sold nearly all the silver they can spare. In June, 1876, the highest estimate of their total future sales, given by the English silver commission, was ninety-seven millions, and the lowest, thirty-nine. In the past two years, the German export for the London market has been in steady and continual progress, so that the amount yet to be disposed of must be much below these figures. The *Thalers* have not yet been demonetized and some time will be required, after the decree has been issued, to gather them from the people. Some will remain hoarded and hid away for years after the exchanging shall begin. Some will go to Spain and Russia, as they have heretofore gone, and not to the English market.

We may be sure, therefore, that the German export to London in the next twenty-seven months will be far from equaling the 110 millions that will be coined at our mints into silver dollars; and as the English cannot elsewhere obtain the amount they need for the arts and for their Eastern commerce, except by an advance in the price to fifty-nine pence, the conclusion seems to be irresistible that this price must be attained.

The ordinary fluctuations in the prices of commodities are very uncertain. An advance in the market increases the supply and lessens the demand. But the small advance of eight per cent. can have no perceptible influence on the production of the mines in so short a period, for a longer time is requisite to open new veins of ore and set at work new machinery, and the stimulus is too small to produce any appreciable effect before July, 1880, when our first interest may be paid in silver. Not a single dollar can be had from France or the United States, or from any other part of Europe, except from Germany, for it will always be more advantageous to export gold than silver, until the price of the standard ounce of silver is above fifty-nine pence here, and 60¾ in Paris and the other marts of Europe. These circumstances will enable the dealers in bullion to anticipate the course of the market better than for ordinary commodities.

When our mints shall be set at work in coining the new dollar, the demand of three and a half or four millions per month will exceed the whole production of Nevada. For our trade dollars which are needed for our commerce at San Francisco with China and Japan; for our subsidiary coinage which is still in progress, and far from being completed, as the rural districts are not yet fully supplied; for the silversmith and the manufacturers of plate, and for all other wants, we must become

importers. Last year the export of the trade dollar was nineteen millions, and the demand has been steadily increasing from year to year. The fifteen millions produced by Mexico will not suffice for these wants of ours, for some of this import will doubtless enter our circulation as it did before 1850, without recoinage; since the Mexican dollar is but a fraction of one per cent. more valuable than ours. Unless, therefore, our exports from San Francisco shall largely decline we must absorb the whole production of Mexico, and receive silver from South America, or compete with England in the German market to obtain the supply we shall need for our mints.

When England shall thus be cut off from the North American mines, there will be a silver famine in England, as there was a cotton famine during our civil war, with this difference, however: the advanced prices at Liverpool stimulated the production of cotton in Brazil, Egypt and the Levant and enlarged the area from which the Indian supplies could be gathered for European consumption. But, until the gold ratio falls to sixteen, not a dollar of silver can be had from the United States, and until it reaches 15½, none can be obtained from the Latin Union, or from any part of Europe except the German Empire. Their supplies will be sent forward, but they will come too slowly and be insufficient to meet the deficiency created by our new coinage. It will thus be impossible to supply the wants of England for the arts and for the East, except by raising the price of silver above fifty-nine pence and stopping the exportation of gold from the United States to meet the adverse balances of trade, and changing it to dollars instead of eagles.

The release of our gold from the Sub-Treasury, and from the vaults of the banks in New York, will moderate the scarcity of gold in Europe, and accelerate the decline of the gold ratio from its present unnatural advance.

This programme of future movements is the normal course of events which are the inevitable consequence of the double metallic standard. With this standard the United States and France withstood the flood from California and Australia, in 1850; and they would have resisted in like manner, the irruption from Germany, in 1873, had not we deserted our standard for paper money, and had not France been disabled by the war indemnity, and the consequent suspension of specie payments. The gold and silver lakes of Professor Jevons, fed by different fountains, and depleted by different outlets, have been at unequal levels, but the channel between them has now become opened by the Bland bill, and the irresistible laws of nature will restore the equilibrium that has been for a short time interrupted. The bondholders will receive their interest in gold or its equivalent, and the honor of our country will continue, as it ever has been, untarnished.

The extraordinary scarcity of gold in Europe, and its enhanced value will be corrected, and the old quotations of silver will be reported in the London market. The Latin Union will resume their coinage of five-franc pieces, and the natural and long established ratio between the precious metals will return and give stability to the commerce of the East and the West, and of America and Europe.

C. F. McCoy.

BALTIMORE, March 1st., 1878.

WHAT DID "THE FATHERS" INTEND TO DO?

I.

THE HISTORY AND MOTIVES OF THE MINT ACT OF 1792.

Although the first engagement between the advocates and the opponents of the remonetization of silver has ended in a most substantial and possibly a permanent victory for the former, there is no reason why the defeated party should lay down their arms. If truth is on their side they will some day prevail. At present an offensive movement, with the purpose of recapturing the lost position, would be not merely hopeless; it would be wasteful of powers that can be better employed, and in the highest degree impolitic.

The true policy is to wait and watch; to be always ready to take advantage of every accident and incident; and above all to prepare weapons of offense and defense, in order to be fully equipped for action at all times.

The discussion must go on. The triumphant hosts of remonetization are not to be permitted to enjoy their victory in peace and quietness. They were allowed to seize upon and occupy argumentative positions to which they were never entitled, and from which they might have been driven if there had been proper and early concert of action among those who opposed them with such weapons of reason as chance threw in their way. It is the purpose of a brief series of articles to show that the use of one complete collection of arguments in favor of remonetization, showed either ignorance of history, or a sad want of candor on the part of those who employed them.

We are to have the "dollar of the fathers." The silver dollar, we are told, was the chosen unit of value, selected as the chief standard at the very beginning of the Government under the Constitution. The double standard, we are assured, is the only Constitutional standard; but, it is added, if there was a preference for either half of the standard, that preference was at the outset given to silver. The great

authority of Hamilton is cited to fortify these assertions and others that have grown out of them, as, for example, the literally true, but really false, statement, that the silver dollar remained unchanged in the amount of pure metal it contained down to the year 1873, when it was hastily, fraudulently, ignorantly, and surreptitiously banished from the coinage. An examination into the truth of these assertions is rendered exceedingly difficult by the meagerness of the materials for investigation; but fortunately there is some additional light thrown upon the subject by official papers.

The resolutions of the Congress under the Confederation ought not to be neglected, for they explain some later facts. On the 6th July, 1785, Congress resolved that the unit of the money of account in the United States should be the dollar. A year afterwards, on the 8th August, 1786, Congress established a system of coins by a well-considered resolution that the standard for gold and silver coins should be $\frac{11}{12}$ fine, "that the money unit of the United States, being by the resolve of Congress of the 6th July, 1785, a dollar, *shall contain of fine silver 375.64 grains;*" that the money of account should proceed in a decimal ratio; that the silver coins should be a dollar, a half dollar, a double dime, and a dime; that the copper coins should be a cent, and a half cent; that there should be "two gold coins: one containing 246.268 grains of fine gold, equal to ten dollars, to be stamped with the impression of the American eagle, and to be called *An Eagle*," and one of half that weight; and establishing the mint prices of the two metals.

On October 16 of the same year the Congress passed an ordinance for the establishment of a mint, in which the mint price of gold was left unchanged, but that of silver was changed somewhat. These appear to have been the only acts of Congress before the adoption of the Constitution that need to be cited. So far as they go they indicate a purpose on the part of Congress to establish a single money unit, in silver. They do not indicate a superstitious reverence for the silver dollar then circulating, but created a new dollar, unlike either the old or the new "Spanish milled dollars" then in existence. There seems to have been also a purpose to recognize as nearly as possible the market relation between the prices of gold and silver, and to provide for the appropriate coins, which should represent equal values, whether a sum were paid in gold or silver.

We come to Hamilton's famous report of 1791, which was not only the basis of the Coinage Act of 1792, but the pattern by which it was cut out, with one unimportant but perhaps significant exception.

It is possible now to arrange the several branches of this examination in a little more systematic and orderly manner. Let us look at the subject under separate heads, as follow:—

1. The situation, when the Constitution was adopted, with respect to the coins in use.

2. The gold standard of value actually chosen by Hamilton and Congress.

3. The reasons for making silver a second standard.

4. The principle on which the double standard was arranged.

5. The Constitutional question.

We may say that the condition of the country in respect of the coinage in use at the time of the adoption of the Constitution was one of chaos. Money was not abundant, but it was in great variety. This is shown by the provision in Section 30 of the Tariff Act of July 31, 1789, repeated in Section 56 of the Tariff Act of August 4, 1790, which made duties payable in the gold coins of France, England, Spain and Portugal, and other gold coins of equal fineness at eighty-nine cents per pennyweight, the Mexican dollar at 100 cents, the silver coins of France and England at 111 cents, and other silver coins $\frac{11}{12}$ fine at 111 cents per ounce. This established a ratio of 1 to 16. The important facts here are the variety of coins in common use, and the parity of the Mexican dollar. The first of these is referred to in the opening paragraphs of Hamilton's *Mint Report*, where, in considering the proposition that things be left in the state in which they are, he says, "The answer to this question is not perplexing. *The immense disorder which actually reigns* in so delicate and important a concern, and the still greater disorder which is every moment possible, call loudly for reform." Now it is to be observed here that this disorder was almost wholly confined to the silver money current. There was no difficulty in knowing what the gold dollar was worth. Hamilton wrote:—"That species of coin, (the old piastre of Spain,) has never had any settled or standard value, according to weight or fineness, but has been permitted to circulate by tale, without regard to either, very much as a money of convenience, while gold has had a fixed price by weight, and with an eye to its fineness. This greater stability of value of the gold coins is an argument of force for regarding the money unit as having been hitherto virtually attached to gold rather than to silver. Twenty-four grains and six-eighths of a grain of fine gold have corresponded with the nominal value of the dollar in the several States without regard to the successive diminutions of its intrinsic worth." The word *its* refers to the silver piece called the dollar. Again, "it ascertains at least that the sum in the money of account of each State corresponding with the nominal value of the dollar in each State corresponds also with $24\frac{6}{8}$ grains of fine gold, and with something between 368 and 374 grains of fine silver."

The condition of things may then be summed up thus:

there was a great variety of both gold and silver coins in use; the money unit was virtually attached to gold, which had a fixed and stable value; the silver coins were accepted as money of convenience with little or no regard to their intrinsic worth, being of varying degrees of fineness and differing in weight, but passing readily by tale. It was, therefore, the confusion in silver that was to be cured by the establishment of a mint. How did Hamilton proceed to this work?

The answer brings us to the second point. The gold standard was accepted as fixed, and the problem undertaken was, to make silver conform to gold. This is evident to the most careless reader of Hamilton's long and most able report. One passage in which he proceeded upon the assumed fact that the amount of gold to a dollar was fixed, has already been quoted. The idea re-appears in several other places. He discusses the proper ratio between gold and silver, always with a view to ascertaining how much silver should be allowed to the dollar, never as to the amount of gold. And in summing up he gives this as the first of his conclusions: "That the unit, in the coins of the United States, ought to correspond with 24¾ grains of pure gold, and with 371¼ grains of pure silver, each answering to a dollar in the money of account. The former is exactly agreeable to the present value of gold, and the latter is within a fraction of the mean of the last two emissions of dollars." These passages prove beyond a question that Hamilton recognized and perpetuated gold as the standard of actual value, and Congress, by adopting his recommendations in rating silver, accepted and enforced his views.

But, thirdly, Hamilton, and Congress by following him, undoubtedly did establish a second standard of equal validity in all respects. Why was this? We have had, in a score or more of speeches by Honorable Senators and Representatives, one brief quotation from Hamilton's report. It has served its purpose. Taken alone, it is just the article the silver party wanted to make it appear that Hamilton was an ardent bi-metallist, who was, when he wrote his report, arguing in favor of the full monetization of silver. The truth is that Hamilton's argument was a plea for gold. "The suggestions and proceedings hitherto," he said, "have had for objects the annexing of it [the money unit] emphatically to the silver dollar." But Hamilton expresses himself as "strongly inclined to the opinion that a preference ought to be given to neither of the metals for the money unit. Perhaps," he added, "if either were to be preferred, it ought to be gold rather than silver." He proceeded to give the reasons for such a preference. This passage in the report has not been used by the opponents of the silver movement as it should have been, and seems to be but little known.

It is therefore quoted entire. Hamilton is giving, let it be remembered, the reasons for preferring gold as the unit, rather than silver, provided either is to be chosen to the exclusion of the other:

"The inducement to such a preference is to render the unit as little variable as possible; because on this depends the steady value of all contracts, and in a certain sense, of all other property. And it is truly observed, that if the unit belong indiscriminately to both the metals, it is subject to all the fluctuations that happen in the relative value which they bear to each other. But the same reason would lead to annexing it to that particular one which is itself the least liable to variation, if there be in this respect any discernible difference between the two.

"Gold may, perhaps, in certain senses, be said to have greater stability than silver. As being of superior value, less liberties have been taken with it in the regulations of different countries. Its standard has remained more uniform, and it has in other respects undergone fewer changes; as not being so much an article of merchandise, owing to the use made of silver in the trade with the East Indies and China, it is less liable to be influenced by circumstances of commercial demand. And if reasoning by analogy, it could be affirmed, that there is a physical probability of greater proportional increase in the quantity of silver than in that of gold, it would afford an additional reason for calculating on greater steadiness in the value of the latter.

"As long as gold, either from its intrinsic superiority as a metal, from its greater rarity, or from the prejudices of mankind, retains so considerable a preëminence in value over silver, as it has hitherto had, a natural consequence of this seems to be that its condition will be more stationary. The revolutions, therefore, which may take place, in the comparative value of gold and silver, will be changes in the state of the latter rather than in that of the former."

Where in all the literature of the silver discussions of the past two years can be found so weighty and concise an argument as this? How clearly the objections to the bi-metallic standard are stated, years and years before Great Britain took the lead in establishing monometallism! How carefully, and exactly, and philosophically the superior stability of gold and the reasons for it are announced!

Hamilton turned abruptly from these overpowering reasons for a single standard, to which subsequent experience has lent great additional force, to advocate the double standard. Why? He was convinced, thoroughly, that the money unit should be attached to gold, but he was willing to concede that it should be attached to silver also. Let us read just what Hamilton wrote—that which the silver men have cunningly abstracted from his report, *together with the rest of the sentence*, which the most of them have as cunningly omitted:—

"But upon the whole, it seems to be most advisable, as has been observed, not to attach the unit exclusively to either of the metals; because this cannot be done effectually without destroying the office and character of one of them as money and reducing it to the situation of a mere merchandise; which, accordingly, at different times has been proposed from different and very respectable quarters; but which would probably be a greater evil than occasional variations in the unit from the fluctuations in the relative value of the metals; especially if care be taken to regulate the proportion between them, with an eye to their average commercial value."

It was, with Hamilton, a question of expediency—a balance of advantages and disadvantages in the two systems. On the one side stability of value, on the other the loss of a part of the already insufficient material for coinage. He thought he could secure practical stability by carefully regulating the proportion between the two metals, but his argument leaves abundant room for retreat from his position if experience should prove that too much had been undertaken. He thought that probably the occasional fluctuations would be a less evil than the loss of either gold or silver, but he would surely have modified his view if, on trial, he had seen as the people of the United States have since seen, that the experiment must fail, and that its failure involved both the fluctuation he feared and the inevitable loss of one or other of the metals, and, indeed, the alternate loss of each of them.

Having, then, determined on a system of bi-metallism, on what principle did he propose to establish it? On that which is expressed in the final clause of the last quotation—"with an eye to their average commercial value." There was no doubt what the gold dollar should contain of pure metal, as we have already seen. It remained to discuss what the silver dollar should weigh. He had the *embarras de choix*. The Congress of the Confederation had given him a silver dollar of 375.64 grains of fine silver. The old piastre of Spain contained 386¾ grains. Those of the most recent coinage varied greatly in weight and fineness, but on the whole, Hamilton thought they contained rather less than 371 grains—"the experiment which has the best pretensions to exactness," showing 370.933 grains of fine silver. Between these was still another dollar containing 374 grains. The discussion of the ratio in the report is long and, some may think, tedious. Hamilton cites the regulations of the different countries with a view to discovering the average of the ratio of the leading commercial nations. He did not think it beneath the dignity of the United States to establish the ratio most conformable to the market price of bullion in the chief money markets of the world, and it is particularly to be noted that he chose the ration of 1 to 15 chiefly because that was very nearly the proportion that obtained "in the market of Great Britain, to which nation our specie is principally exported."

The same idea of making a strictly honest silver dollar appears at various points in Hamilton's report. "There can hardly be a better rule in any country for the legal than the market proportion; if this can be supposed to have been produced by the free and steady course of commercial principles. The presumption in such case is, that each metal finds its true level according to its intrinsic utility in the general system of money operations."

Again he announced this principle of strictly honest money in considering the question how the expense of coinage should

be defrayed. The gold dollar provided for by the ordinance of 1786 was designed, so infers Hamilton, to contain ½ per cent. less gold than the amount necessary to make a true gold dollar, the difference being intended to cover the cost of coining. The silver dollar was to be subject to a similar deduction of two per cent. Hamilton strongly opposes this practice, and declares that its only effect would be to raise prices. "This might be looked for in every enlightened commercial country, but, perhaps, in none with greater certainty than this, because in none are men less liable to be the dupes of sounds, in none has authority so little resource for substituting names for things." Alas, that this compliment should have been proved to be undeserved flattery! Once more: "There is scarcely any point in the economy of National affairs of greater moment than the uniform preservation of the intrinsic value of the money unit."

Quotations of this sort might be multiplied, but they are needless. It may be added, however, that Hamilton extended his principle of honest money so far as to consider in what way the copper cent should be made worth the one-hundredth part of a dollar. He feared that the cent of eleven pennyweights, "which will about correspond with the value of the copper and the expense of coinage," would be too large to be convenient, and he considered, but rejected, the idea of using a small amount of silver and reducing the size, because such a coin could be easily counterfeited. Accordingly, he adopted the clumsy old cent, which, when it was first coined, was actually worth as much as it purported to be worth. Nevertheless, he intimated that the then recent decline in the value of copper, and the further decline which he anticipated, might soon destroy its usefulness as money! A more unpromising field of search for the purposes of men bent upon forcing on the country an over-valued silver dollar, could not be conceived of.

This completes the consideration of all the points dwelt upon in the mint report of 1791 essential to our purpose. One other branch of inquiry we have set forth—the Constitutional question of the double standard. The point to be made is that the framers of the Constitution had no idea they were requiring the double or prohibiting a single standard or money unit. The proof is that neither in Hamilton's report nor in any document, public or private, relating to the establishment of a system of money, is the Constitution once referred to. This is only negative proof, but it is as conclusive as such proof can ever be. Hamilton had to combat a tendency in Congress to set up the single standard of silver. So far as can be discovered, there was then no suggestion that the gold standard should be used exclusively. Hamilton, either from conviction or from policy, advocated the double standard. Whatever his motive may have been, he was cer-

tainly desirous of seeing the double standard adopted. Nothing, then, could be more natural than that in an enumeration of the reasons for his preference he should have quoted the authority of the Constitution as requiring Congress to adopt it, provided he could have declared a purpose on the part of the framers of the Constitution to require it? Hamilton surely knew the purposes of the makers of our Constitution, and the very absence of all allusion to its provisions proves beyond a question that he would have had no Constitutional scruples, provided nothing else had stood in the way, in recommending an exclusive use of gold as the money unit.

There is a school of interpretation of the Constitution which elicits the meaning of that instrument not from the plain words used or from the manifest or declared intentions of those who discussed its clauses in convention, but from the results of scientific criticism. To all who follow that method it is perfectly natural to understand a provision that the States shall make nothing but gold and silver a legal tender, as requiring Congress to make both a legal tender. Hamilton would have disdained to use such an argument even if he were not liable to be refuted at once by many men who knew that the clause was only intended to prohibit the legalization of paper money, and that it was, as the *Federalist* says, a complement of the clause prohibiting the emission of bills of credit.

Throughout this article the assumption has been that the public sentiment of the day and the intentions of the fathers were strictly represented by the eminent Secretary of the Treasury. This will hardly be disputed, but it may easily be proved by the fact that the mint report of 1791 was the complete basis of the mint act of the following year; and that the only debate on the mint bill on its passage through the two Houses, was in regard to the devices and inscriptions which the coins should bear—a subject which the report did not touch upon. In one particular only did the act deviate from the recommendations of Hamilton. Among the coins which he desired to see struck from the mint, was a gold dollar. He did not expect it to circulate much, as being too small for ordinary use; but he thought a few, not more than 50,000 at a time, should be occasionally struck. Congress omitted this coin from the list. The silver party will probably think the omission significant. They are welcome to the fact, and to all they can make out of it.

Almost the only public or private expression of any kind in addition to this report, is contained in a short letter from Jefferson to Hamilton, in which he does, it is true, concur that the unit should be attached to both metals; but the idea was in his, as well as in Hamilton's, mind to combat the tendency to a single silver standard. And he closes by apologizing for the extempore nature of his observations.

This examination of the record seems to show several interesting facts; (1) that gold was known and admitted to be the more stable metal; (2) that the standard of value was actually gold, though a variety of silver dollars passed by tale, without regard to their real value; (3) that the purpose of the fathers was to establish an honest double standard, based on the actual commercial value of the two metals, and yet not without some misgivings as to the practicability of their plan; and (4) that in doing so they were governed by motives of expediency only, and felt themselves in no way hampered by any supposed instructions in the Constitution to adopt a double standard. They made an experiment, and it was a failure, from the issue of the first coins, until it was abandoned in 1873, to be taken up again soon after by men no wiser than those who sat in the first and second Congresses, and far less discreet in concealing their lack of wisdom. If they had been animated by the spirit of Hamilton, or had inherited the rigid notions of honesty that governed our earliest Senators and Representatives, the silver act of 1878 would never have been passed.

EDWARD STANWOOD.

THE CURRENCY QUESTION IN ITS RELATIONS TO DEBT AND CREDIT.

Among the most important considerations in relation to the currency question is its bearing upon debt and credit. Under our complex and highly organized state of society the ownership of capital is frequently not vested in those who have the ability and enterprise to wield it. To bring about the fructifying union between labor and capital, and thus furnish the conditions of production, the possession and control of capital must in many cases be separated from actual ownership. A large part of the world's work must be done with borrowed money. Credit is the handmaid of production and progress; to undermine it is to sap the foundation of civilization itself.

A stable currency can alone afford a safe foundation for engagements reaching into the future. Without it credit operations on a large scale and extending over long periods are liable to prove ruinous to either the debtor or the creditor. If a perfectly unvarying standard of value could be found, it would, so far as the currency is concerned, furnish a perfect basis of credit. Other causes might, and at times would, impair the trust of man in man. Credit might break by over-extension, be undermined by a decay of morals, destroyed by war, revolution, or public calamity. But with a

perfectly stable currency, it would escape the insidious influence of a change in the standard of value which, under any monetary system yet devised, but especially under a currency of irredeemable paper money, often makes the promise mean either more or less at maturity, than the parties originally contemplated. While a currency is depreciating, a given number of paper dollars mean less of actual value, debts are paid with less effort, and the creditor must suffer the loss. If the currency is appreciating, debtors find that to discharge their debts they must give more of actual value, while the creditor is the gainer by the difference. Within the past sixteen years the people of the United States have tried both these conditions of the currency. During the war, while the depreciation was rapid, it was easy to pay old debts with paper dollars worth in specie but a fraction of their nominal amount, while those who had previously loaned money on a specie basis were partially defrauded of their just dues. The Legal-Tender Act gave debtors all the benefits without the disgrace of a bankruptcy, and a compromise at so much on the dollar. Inconvertible paper money proved to be, as it had so many times before, one of those "juggling fiends"

> "That palter with us in a double sense;
> That keep the word of promise to our ear,
> And break it to our hope."

The natural distribution of wealth was disturbed; some were made suddenly rich; others found themselves unexpectedly impoverished by the diversion into other hands of what belonged to them. Those who were thus enriched by what an iniquitous law had legislated into their pockets, were not benefited by their acquisitions, in the same measure that others were wronged. Money is usually worth more to those who acquire it by natural and legitimate means, than to those on whom an unexpected turn of fortune has bestowed it. As a consequence, self-indulgence and waste claimed their tribute from these sudden possessors of wealth. Habits of extravagant and profligate expenditure, injurious at once to the moral and the material interests of the country, were engendered. At a later period, and not unconnected with this, was developed a tendency to reckless borrowing on the largest scale, and on any terms. The economic balance of the nation was lost, and the seeds were sown which have ripened into a harvest of bankruptcies and frauds.

To protect themselves against fluctuations in the currency, the mercantile classes were compelled to shorten the periods of credit. Large numbers of mortgages in the North were paid off in depreciated currency. Never before probably in the history of the country was business done so nearly on a cash basis, and never probably in proportion to the magnitude of moneyed transactions, was the amount of private debts so small as at the close of the war. Happy would it have

been for the country, as a whole, if measures had then been promptly taken, and steadily persevered in, to restore the specie standard. Disasters must necessarily have attended the transition, but the ruin would have been incalculably less than what has been already suffered, to say nothing of the woes yet to come. Unfortunately, the same evil genius which now demands the repeal of the Resumption Act and new issues of paper money, then raised a successful clamor against the resumption measures inaugurated by Secretary McCulloch. All preparations for a return to a sound currency being abandoned, the country, unmindful of the inevitable day of reckoning, settled into a state of complete apathy on the subject.

Encouraged by the more stable condition of the currency, especially after 1869, individuals, corporations, and municipalities, commenced an era of borrowing on a scale before unheard of. The railroad debt which was only $130,000,000 in 1853, $417,243,664 in 1857, $416,658,000 in 1867, and probably about $900,000,000 at the close of 1869, increased to $1,511,378,944 at the close of 1872, $1,836,904,450 in 1873, $2,230,766,108 in 1874, and $2,459,607,349 in 1875, which one year later was reduced to $2,220,233,560. The debts of one hundred and thirty cities in the United States, increased from $221,312,009 in 1866, to $604,832,416 in 1876, while the whole State, county, and municipal debt in 1876 is estimated at $1,500,000,000, against $868,676,758 according to the census of 1870. The loans of savings banks and the principal life insurance companies on mortgages of real estate aggregate upwards of $560,000,000, and if the mortgages held by other financial institutions and individuals are added, $1,000,000,000 will be a moderate estimate for the whole. Loans of this character have increased with great rapidity within the past ten years, an example of which is furnished by the mortgage loans of Massachusetts Savings banks, which grew from $21,259,349 in 1867, to $121,151,105 in 1876, and stood in 1877 at $116,241,038. With the exception of the National debt, and some of the State debts, expansion has been the almost universal characteristic. The total amount of what may be reckoned as permanent debts, not including the liabilities of banks and savings institutions, nor bank discounts, may be estimated at upwards of $5,000,000,000 in round numbers for the whole country, besides the National debt of $2,044,000,000.

If every dollar of these debts represented a specie dollar's worth of actual value received by the borrower at a fair rate of interest, the case would be very different from what it is. Instead of this, each dollar of nominal capital in our railroads was a few years ago estimated to represent but seventy-five cents of actual value in paper money, and of course still less in coin. The National, State, county, munici-

pal, and individual debts represent, in general, only so many depreciated paper dollars' worth of actual value originally received, while by the appreciation of the currency, they have become payable in a standard nearly equal with gold. Aside from the National debt, on which, though payable in coin, probably not over sixty-five cents in specie on the dollar was originally realized by the Government, it is hardly possible that the borrowers have received on the whole mass of long loans in the United States, on an average over eighty per cent. of their nominal amount. The difference between this and par or twenty per cent., on debts amounting to $5,000,000,000, is equal to $1,000,000,000, which, with $700,000,000 for the thirty-five-per-cent. shave on the National debt of $2,000,000,000, gives $1,700,000,000, as the bonus which debtors have yet to pay on their long loans, largely on account of dealing in a fluctuating currency, to say nothing of rates of interest that were often enormous, even on the nominal capital of the loans. It will not be a very wild estimate if we reckon that irredeemable paper money has cost the borrowers of this country enough to pay the National debt. Such is the ruinous rate at which borrowing has been carried on in the United States. It is not strange that signs of exhaustion are manifest on every side, and that borrowers find their investments wither in their hands.

Thus far no account has been made of the short mercantile credits, the amount of which has been variously estimated, but must be very large. One mode of calculating it is to take the average liabilities of insolvent firms as a basis, and assume that the same average holds good for the solvent firms. This would give for the 652,000 solvent traders in the United States, in 1877, an aggregate indebtedness of $14,000,000,000 against $17,000,000,000 in 1874; and $28,000,000,000 in 1873. Supposing these debts to run off every three months, the aggregate created in the year would be $56,000,000,000, in 1877; $68,000,000,000, in 1874; and $112,000,000,000, in 1873. This mode of calculation is not, however, reliable, as it may be presumed that one reason why the insolvent firms failed was because they owed more on an average than those who remained solvent. If the mercantile debt was even one-half the amount given above, it would present an astonishing total. Another method is to take the loans and discounts of the banks as the basis of an estimate. Those of the National banks were, on the first of October, 1877, $891,920,593; those of State banks in 1876-77 $266,585,314, and the loans of Savings banks on personal security in 1876-77 were $114,474,163, giving a total of $1,272,980,070. This is a minimum as the former was a maximum estimate, and somewhere between the two will be found the true amount. A close approximation is impracticable with existing means of information. In turning over this

large volume of debt, the mercantile classes have, for the past six years, found the ground continually sinking under their feet. The goods bought on credit have been shrinking on their hands, while the money with which to pay for them has been almost imperceptibly increasing in value. Such a process continued long enough can end only in bankruptcy. Each revolution of the financial machinery contributes to the result, until the appreciation in the standard of value by its subtle and insidious operation upon debt and credit strips one trader after another of all he owns, perhaps of all he can borrow, and transfers it to other hands. One out of every sixteen among the mercantile classes has, in the last six years, met this impending doom, while those who still stand must have suffered enormous losses. No man can estimate the amount of property which has changed hands by the financial revolution of these six years.

Irredeemable paper money has proved to be here, as it has everywhere else, among the greatest instruments of spoliation and oppression with which history makes us acquainted. Beginning with the wholesale plunder of lenders, this great marauder ends by robbing borrowers on a scale still more gigantic. Its spoliations are reckoned only by hundreds of millions.

It is now urged that this country should repeal the Resumption Act and issue more paper money in order that debtors may pay in a medium depreciated equally with that in which they contracted their debts. If, indeed, these debts could be paid off and all business be transacted on a cash basis during the transition from paper to specie, there would be some plausibility in this argument. But such a thing can not be. In a progressive state of society it is the law of debt and credit in the long run to expand and not to contract. No such thing as a universal liquidation ever occurs. It generally happens that new debts are created much faster than old ones are paid off. The National debts of the world increased from $1,460,000,000 in 1715 to $2,461,000,000 in 1793; $5,300,000,000 in 1806–9; $7,446,000,000 in 1815–20; $7,736,330,000 in 1826; $8,423,800,000 in 1848; $9,184,840,000 in 1854; $13,895,770,000 in 1863; $19,033,500,000 in 1869–70; $22,032,850,000* in 1872, and $24,270,000,000* in 1875–6–7. With the exception of an occasional pause the growth of these debts has proceeded with steady pace. Private indebtedness also exhibits on the whole a similar and probably even more steady expansion. The loans raised for industrial undertakings in the fifteen years from 1862 to 1877 inclusive are estimated at about $7,000,000,000. Unless the history of the world is to reverse itself, borrowing is not to cease, nor will all transactions after the payment of our existing debts, (if they are paid,) be conducted on a cash basis. Society has

* This includes the debts of the various German States as well as the British Colonies.

not outgrown the use of credit. On the contrary, it is morally certain that this great instrument of industrial progress is destined in the future to be brought into use on a scale which will dwarf anything in the past. So soon as the existing derangement in the vast and complex machinery of the world's productive forces shall be remedied by a thorough readjustment, adapting it to the demands of the present and future, these forces will again begin to act with all their accustomed power. When we enter upon another cycle of commercial prosperity, borrowing and lending will recommence on a larger scale than ever, and the new debts will be created in the same currency in which the old ones are paid off.

Shall we repeat the folly and madness of the past ten years, and for the sake of paying old debts in cheaper money, go on contracting new debts of vastly larger amount in a delusive and fluctuating currency which cheats debtor and creditor alternately? To do this will be to court a repetition of our present distress on a vastly larger scale. A fluctuating currency has its periods of appreciation as well as of depreciation. When the former comes the burden of debts, inflated by a system of false money and artificially raised prices will, when brought to the test of specie values for labor and its products, press as it does now with crushing weight upon every industrial interest. If anything were needed to illustrate the pernicious consequences flowing from the use of irredeemable paper money, the ruin it has wrought in the United States within the past fifteen years ought to suffice. It is said that our troubles cannot flow from the use of paper money, since other countries with a specie currency are also suffering perhaps in an equal degree. Granting the fact the conclusion by no means follows. This country with its vast resources might have recovered from this crisis as quickly as from that of 1857, and much sooner than the densely peopled countries of the old world, if a vicious currency had not tainted our whole commercial system with unsoundness. Nor are countries having a specie currency suffering from the peculiar maladies that afflict us. They have depression in business and numerous bankruptcies, but only in countries having an irredeemable or artificially inflated currency like Austria, for instance, do we find such a load of debts artificially expanded, and such a shrinkage of values as we witness among ourselves.

The Vienna correspondent of the London *Economist* recently stated in regard to the difficulties of the Crèdit Foncier banks: "Their mortgage debtors are not able to pay their interest, and when the sale of their property takes place the produce of the sale often realizes less than the mortgage." Difficulties like these, due to an artificial inflation of debts, are directly traceable in a great degree to a fictitious stand-

ard of value, like paper money. The most serious of our own difficulties are due to the same cause.

It is claimed that the passage of the Silver bill makes the execution of the Resumption Act impossible. If there ever was a case in which "impossible" deserved to be called the "adjective of fools," this is one of them. The country has had in past years enough of that imbecility which characterises every wholesome change as "impossible." There is no doubt that silver bullion can be much more easily procured than gold. The only additional difficulty arising from the passage of the Silver bill is the mechanical one of turning the bullion into coin fast enough to meet the demand. But this difficulty seems likely to be more than counterbalanced by the greater ease with which the material from which to manufacture silver coin can be procured, and by the improbability that there will be any demand for the heavy silver coin large enough to exhaust the supplies which the Government can accumulate. If the emergency shall require it, Congress can authorize the issue of certificates against silver bullion purchased by the Government in any quantity that may be desired, such certificates to be received by the Government on the same terms as silver coin. They would answer the same purpose as the present gold certificates, and would doubtless be preferred to the silver coin itself. This might also lead the way to a permanent currency issued against coin and bullion, the convertibility of which would be secure beyond question. At all events, the means placed at the disposal of the Secretary of the Treasury by the Resumption Act are fully adequate to carry its provisions into effect regardless of the Silver legislation, which, in some respects, facilitates resumption by relieving the pressure on the gold market. The mischief done by the Silver bill is not in its tendency to hinder resumption, but in its disregard of the public faith.

The calamities the country is suffering are a deserved punishment for the disregard of economic law. It is in vain to expect relief by perpetrating fresh violations. The true remedy is the heroic one. Leaving the irreparable past with its errors, disappointments and losses, let us take a fresh start on a sound basis of metallic money consisting of gold and silver coined in a certain fixed ratio, and thus put a definite period to the evil. Experience shows that the superior steadiness of such a currency affords the best guarantee, that the creditor will not be compelled to receive less or the debtor to pay more than their contract contemplates. Only on a coin basis will it be safe to enter upon another era of large industrial operations and extensive borrowing. It is folly, not to say insanity, to build new structures on a quicksand that has already engulfed the fruits of so much toil.

EVERETT, MASS., March, 1878. DUDLEY P. BAILEY, JR.

PUBLIC DEBTS IN THE UNITED STATES.

The sudden and large expansion of State, County and Municipal debts in this country since the termination of the civil war, has attracted general attention. In many of the States it has led to laws, or constitutional amendments, to arrest the further growth of the evil. In some of the States measures have been instituted to insure a steady diminution and eventual extinction of debts already contracted, but the proportion of the States adopting this wise course is much less than it ought to be. Undoubtedly, it is something to be very thankful for, to have the further creation or increase of debts arrested. But the mischief calls loudly for the other necessary remedy of paying off, as speedily as possible, the debts now existing. If it is unwise to create debts, it is unwise to perpetuate them.

A carelessly adopted opinion is quite prevalent, that the increase of public debts in this country within recent years is attributable largely to the existence of the greenback paper money. But clearly, no local peculiarity of currency can explain a fact which exists throughout the civilized world. Public debts have expanded elsewhere as much as here. This is familiarly known to be true in respect to national debts, and it is really true in respect to municipal debts. In Great Britain, the growth of the latter class of debts, although it has not yet attained so large proportions, is now more rapid than even in this country. It has been great also in France. The debt of Paris especially is something gigantic. Public debts of all kinds have increased more in Canada since 1865, than in the United States.

Undoubtedly, the causes of this wide-spread tendency to an increase of public debts are various. The most conspicuous are, (first) the impulse given to financial enterprise by the gold discoveries of Australia and California, and (next) the enormous growth in modern times of loanable capital, the owners of which are an organized and ever active force, stimulating the creation and perpetuation of the debts upon which they thrive, by every art which cunning can devise.

But it is the actual fact of the recent increase of State and municipal indebtedness in this country, rather than the cause or causes of it, which must be dealt with and for which remedies must be devised.

The remedial measures so far resorted to in respect to county and municipal debts, have been of various kinds. A frequent restraint upon them is their limitation to a certain percentage of their taxable valuation. In the case of cities,

under the present constitution of Pennsylvania, this limit is ten per cent. of the taxable valuation. The limit of municipal debts in Nebraska under the constitution of 1875, and in Maine under a constitutional amendment in 1877, is five per cent. The limit of county and municipal debts in Missouri under the constitution of 1875, is five per cent., with the exception, that a greater debt may be incurred for court-houses or jails. But in Missouri there is the further restriction that no debt exceeding one year's income of a county or municipality shall be incurred without a vote of two-thirds "*of all qualified electors.*"

The Arkansas constitution, adopted in 1874, forbids the incurring of debt by "*any municipal corporation,*" except in pursuance of some ordinance which "*shall provide for the payment thereof.*" The ordinance required, may be supposed to be one which shall levy a tax or set apart some existing revenue to provide for the debt contracted under it. But whatever the exact meaning of this part of the new Arkansas constitution may be, municipal debts are very effectually guarded against by another part of the same constitution, which declares that no private property shall be holden for the payment of such debts.

As investments in works of real or supposed public improvement, notably railroads, have been so conspicuously instrumental in loading counties and municipalities with debt in recent years, many States have now prohibited such investments altogether, either by law or constitutional amendments. It has happened, unfortunately however, that these prohibitions were not imposed in several cases, until many numerous and oppressive debts of the prohibited kind had been already contracted.

Ohio, as early as 1851, in a constitution then adopted, and Pennsylvania, by a constitutional amendment adopted in 1864, Arkansas, by its constitution adopted in 1874, Texas, by its constitution adopted in 1876, Nebraska, by its constitution adopted in 1875, New Jersey, by constitutional amendment adopted in 1875, Illinois, by its constitution adopted in 1870, and New York, by constitutional amendment adopted in 1874, have prohibited counties, cities and towns from taking stock in, or loaning money or credit to, railroads, or private companies and undertakings of any kind, Several other States, not here enumerated, have done the same thing. In the case of Ohio, it was found to be practicable to give such a construction to the constitution as to permit Cincinnati to invest sixteen millions in a railroad to Chattanooga, the work being executed by the city itself acting through trustees, and not in the prohibited ways of taking stock in, or furnishing money or credit to, any private company.

More attention has been attracted to the necessity of constitutional and other measures to prevent the incurring of

debts than to the necessity, which is really almost as great, of insuring the payment of debts already incurred. The suggestion, that posterity will be better able to pay than we are, is essentially pleasing and seductive and requires but little ingenuity of argument to recommend it. But if it required ever so much, it would not be found wanting. The fund-mongers, who find their surest and largest gains in public debts, are liberal paymasters, and no commodity is more abundant in the markets than the trained talent of speakers and writers, to make the worse appear the better reason.

The first case in this country, known to the writer, and certainly the most conspicuous and important case of a constitutional provision to compel the payment of public debts within a fixed and short period, is found in the constitution of New York adopted in 1846. That State was then under the control of Silas Wright and his political friends, who were democrats of the straitest sect, and most thoroughly imbued with all the doctrines of Mr. Jefferson. It is not doubtful that, in framing the seventh article of the New York constitution of 1846, they intended to carry out the views in respect to public debts which he so steadily maintained during his long public career.

In his letter (April, 1802,) to Kosciusko, in his triumphant enunciation of the first fruits of the ascendancy of his party in the National councils, Mr. Jefferson sets down such an adjustment of revenues and expenditures as would secure the discharge of the National debt within eighteen years. The most elaborate presentation of his views on the subject of public debts in general is found in his two letters to John W. Eppes of June 24, and September 11, 1813. Adopting the opinion held by the revolutionary fathers that every generation should pay off the debts contracted by it, Mr. Jefferson narrows the time of payment to about half the term usually assigned to a generation. Taking Buffon's tables of longevity as the basis of calculation, he finds that a majority of men above the age of twenty-one years at any given date will have died in eighteen years and eight months, and he denies that debts can have validity for any longer period. Insisting that "*the laws of nature impose no obligation*" on one generation to pay the debts of another, he concludes—

> "In seeking, then, for an ultimate term for the redemption of our debts, let us rally to this principle, and provide for their payment within the term of nineteen years at the farthest."

The followers of Silas Wright adopted the principle of Mr. Jefferson, but in taking Buffon's tables, they disregarded the odd months, and fixed eighteen years as the maximum term of debts. They required, in the constitution of 1846, that no law for the creation of one shall be valid unless submitted to and approved by a popular vote, and "*that such law shall*

impose and provide for the collection of a direct annual tax," sufficient to pay the interest and discharge the principal within eighteen years. It was this constitutional provision which secured the prompt payment of the large debt assumed by the State for the relief of the counties in the matter of bounties to soldiers in the civil war.

The seventh article of the New York constitution of 1846 does not apply to debts contracted "*to repel invasion, suppress insurrection, or defend the State in war.*" There was a good reason for not requiring the submission to popular approval of laws authorizing such debts, but there was and is no special reason for excepting such debts from the requirement of payment within eighteen years. Fortunately, the reimbursement of bounties did not fall within the exception.

Why the New York constitution makers of 1846 fixed upon eighteen years as the term for public debts seems clear enough. But it is less easy to see why the Missouri constitution makers of 1875 fixed upon the term of thirteen years, as they did, for all State debts thereafterwards to be contracted. It was, perhaps, arrived at, as juries are said to sometimes agree upon the figure of a verdict, by a mathematical average of all the opinions on the subject. Thirteen has the advantage over eighteen of being the smaller figure, and of shortening the term during which public taxgatherers are degraded to the function of collecting agents of the income of private capitalists.

In 1867, Maine authorized cities and towns to aid, to the extent of five per cent. of their taxable valuations, in the construction of railroads, in such manner, whether by gift, loan, or subscribing to stock, as they might judge best. They were authorized to raise the means for such aid, either by taxes or by borrowing, but they were required, as to any money borrowed for the purpose, to commence within three years to pay annually not less than three per cent. of the principal. This insured the entire liquidation of the debt within thirty-six years at the longest, and seems to have been based on the theory that debts should be paid by the generation contracting them, without the narrowing of the term of a generation which Mr. Jefferson adopted. This general law of Maine, in respect to municipal aid to railroads, appears to be characterized by prudence. The municipal embarrassments in that State have arisen principally from special laws, permitting municipal aids to railroads on a much more extended scale.

There has never been in this country any more comprehensive legislation on the subject of municipal debts than the Massachusetts law of May 14, 1875. It completely covered the whole ground, including debts then existing, as well as debts thereafterwards contracted. The only exception made is the case of debts incurred by reason of investments

lawfully made in railroads. The reason for this exception seems to be, that such investments can only be lawfully made under special laws in which the conditions of each investment would be fixed.

As respects municipal debts which they found in existence, the Massachusetts legislators of 1875 divided them into two classes, those exceeding and those not exceeding five per cent. of taxable valuations. Both classes are to be put in a course of payment so as to be finally extinguished, the first in thirty years and the second in twenty years. With debts of less than one per cent. of taxable valuations the Massachusetts legislators did not meddle, upon the principle of the lawyers, *de minimis lex non curat*, which, being freely translated into the vernacular tongue, signifies, that legislation need not worry itself about trifles.

As respects future debts, the Massachusetts law makes three classes, (1) those incurred for purposes of water supply, (2) those incurred for general sewers, and (3) all debts not embraced in classes one and two. Loans for water supply may be made for a term not exceeding thirty years, for general sewers for a term not exceeding twenty years, and for any and all other purposes for a term not exceeding ten years. And in respect to all these classes of loans, it is required that in and by the municipal ordinances authorizing them there shall be imposed an annual tax, adequate to pay the annual interest and to make such a contribution to a sinking fund as will liquidate the principal within the drescribed terms.

The unfortunate financial situation of some of the Southern States is well known and need not be dwelt upon, The solution of it will doubtless be found in adjustments and compromises, satisfactory or otherwise, to their creditors. With that exception, the position is favorable, and all the more recent tendencies have been in the direction of paying off old debts and keeping clear of new ones. The case of New York since 1846 has already been referred to. The Canal debt of that State, created prior to 1846, is in a course of speedy and certain extinguishment. The two next most populous and important States, Ohio, by a constitution adopted in 1851, and Pennsylvania, by a constitutional amendment adopted in 1857, prohibited any new debts except under the emergencies of war, and provided for the liquidation of old debts by the creation of sinking funds. None of the Western States have any important debts except Missouri. The efficient restraint upon future indebtedness in that State has already been noticed. The extinguishment of the existing debt is provided for by a sinking fund protected by the constitution.

GEO. M. WESTON

ARIZONA AND SILVER MINING.

BY GEORGE R. GIBSON.

The opulence of the mineral resources of the United States has been one of the prime causes of its phenomenal growth in wealth and population. Almost every geological period is laid under contribution somewhere within our extended domain, surrendering their subterranean treasures to man's use.

Mining is distinctively a creative industry which adds new and absolute values to the world's stock of wealth, and the steady pursuit of it has resulted in its development into an exact science. Men no longer grope like moles in the ground guided by no intelligent purpose. Experience and observation have taught them to interpret the language of the rocks, and to mine in an efficient and economical manner by improved machinery and methods. Vein mining is permanent and can never be exhausted. These fissure veins were undoubtedly formed at some later geologic period, by some prodigious convulsion and upheaval, rending the earth in twain and forming a chasm through which the metals ascended in a molten or volatile state. The walls which enclose these veins or lodes, are usually granite, syenite, or porphyry, and are entirely foreign in character to the vein matter. These veins can be followed downward as far as the earth's heat will permit and man's science can pursue them, and, in general, the ores increase in richness as depth is attained. To illustrate the degree of certainty felt by capital in the permanency of fissure veins, the Sutro tunnel may be mentioned. This tunnel was begun several years ago, and now extends into the mountain nearly four miles, and has been constructed at an expense of about six millions of dollars. Its purpose is to facilitate and economize the working of the Comstock lode, by affording a new base of operations, and securing ventilation, drainage, and dumpage.

Mining for the baser metals, although almost uniformly profitable when intelligently conducted, must always involve a calculation as to the price of the product, as well as to its probable volume. The generalized purchasing power of the precious metals, and the universal passion for their possession, assures for them an unlimited demand and stable value. In gold and silver mining, the price takes care of itself, and the only risk is in finding the product itself. This is a striking peculiarity of mining for the precious metals, and shows the peculiar advantage which it has over other industries.

The general shrinkage in values and collapse of prices of

commodities and evidences of debt, and the unprecedented depression in all commercial and industrial circles, is a matter of general observation and comment. During this period of commercial distress, however, gold and silver mining has enjoyed unparalleled prosperity.

John J. Valentine, of Wells, Fargo & Co., a statistician whose bullion reports are everywhere quoted as authority, has prepared a table which indicates the anomalous growth of the mining industry. The production of the precious metals in the country west of the Missouri River was as follows:

1871	....	$58,284,000	....	1875	....	$80,889,059
1872	....	62,236,959	....	1876	....	90,875,173
1873	....	72,258,693	....	1877	....	98,421,754
1874	....	74,401,045	....			

Careful and conscientious estimates have been made of all investments in mining enterprises, including capital stock and assessments of all companies, bogus and others, of which any record can be found, together with the cost of all mills and surface improvements and the labor of miners and mill men for a period of twenty-eight years, and the net resultant profit is shown to be eighteen per cent. Though this can only be an approximate estimate its general conclusion is corroborated by the practical example of California. This State which was supporting a scanty commerce in furs and hides, upon the discovery of gold staked its fortunes on the mining industry, and as a result has become one of the financial wonders of the world. Not only is its aggregate wealth prodigious, but it is not all concentrated in a few hands as many suppose. The condition of its industrial classes is attested by the extraordinary volume of savings deposits which have long distinguished the State. Moreover, it is a well-known fact that the proportion of people there who own their own homes is exceptionally large.

The mines being separated from eastern communities by a broad sweep of continent, it is by no means singular that California capital has been allowed to reap, almost exclusively, the profit from their development. It has hitherto been a matter of common observation and general gratulation in California and Nevada that they were thus removed from the centers of population, and that until within a few years their mining shares were not sought after by eastern investors. But the general incertitude of all customary business ventures in the east has excited reflection and new resolution. Men who have hitherto drifted along in the current, without courage or enterprise to explore new fields for remunerative and permanent investment, are in many instances now looking toward the mining industry as presenting the most inviting prospects.

Inquiries among bankers and brokers in San Francisco dis-

close the fact that full $ 1,000,000 per month in dividends on mining shares are now remitted east. The apparent determination of eastern capitalists to divert the stream of metallic dividends from the west to the east, and to challenge California's control of the mining industry, is viewed with unconcealed alarm in San Francisco. Arizona, which is to-day regarded with great favor and expectation as a mining district will, from all indications, be the arena in which this battle of financial Titans will find one of its first engagements. Already large mining interests in that territory have been purchased by eastern and European investors who have the sagacity to foresee its brilliant future and the courage to avail themselves of the superior opportunities now afforded. With our vast expanse of western frontier, with limited means of communication in our out-lying districts, it is not remarkable that some of our fairest and richest territory should have remained practically unknown.

It is for the purpose of inviting attention to the mineral resources of Arizona that the preceding observations have been made, and the time is appropriate as the desire to know something tangible and definite about that territory is generally entertained. Arizona is at once the oldest and youngest mining territory of the United States. Three hundred years ago—before St. Augustine, Florida, was settled—the Jesuit fathers established the cross in the wilds of Arizona. They found, as the antiquarian and archæologist of to-day may find, ruins of pre-historic houses, pottery, acequias or irrigating canals, cave dwellings and evidences that a former civilization had there lived, flourished and disappeared. The country then was, as it continued for three centuries to be, the home of the treacherous and cruel Apaches, who waged an unrelenting warfare upon all who sought to acquire the rich mineral treasures confided to their care. Spanish records and traditions reveal the fact that the Jesuits mined the silver lodes of Arizona at intervals with good results, though in their usual rude and indecisive manner.

Anderson, in his *Silver Country*, quotes from Ward's *Mexico* as follows:—"We have the following record in evidence of the masses of silver extracted in southern Arizona: Don Domingo Asmendi paid duties on a piece of virgin silver which weighed two hundred and seventy-five pounds. The King's attorneys brought suit on several other pieces, which together weighed 4,033 pounds. Also for the recovery as a curiosity and, therefore, the property of the King, of a certain piece of silver of the weight of 2,700 pounds. This is probably the largest piece of pure silver ever found in the world."

Humboldt visited this region early in the present century and has left his impressions of its unusual richness in silver. His theory that northern Sonora and Arizona would be the

chief source of the world's future supply of silver was based upon the superior geological position of that region. Lodes which there crop out in bold exposures of silver-bearing rock trend to the south and north so that in Central Mexico and what is now Nevada, almost a thousand feet must be gone before the same relative formation is reached. The silver mountains of Nevada, Utah, Colorado and Central Mexico are much higher and more inaccessible than in Arizona. The mountain ridge which forms a backbone to the western continent has been broken up in Arizona by some stupendous force, leaving its mountains isolated and disconnected, and apparently leveled off or abraded so as to expose on the surface silver ledges which are buried deep in the mountains to the north and south.

That portion of Arizona lying north of the Gila River was ceded to the United States by Mexico under the treaty of Guadalupe Hidalgo in 1848, but as there was some misunderstanding between the two Governments, that portion of the present territories of Arizona and New Mexico south of the Gila River was acquired under the Gadsden purchase in 1854 for a consideration of ten million dollars. The transfer of this rich mineral territory met with the disapprobation of Mexico, which banished Santa Anna who had completed it. Arizona remained a portion of New Mexico until 1863 when it was organized as an independent territory.

The assertion of Arizona's great mineral wealth and the existence of this knowledge for years may well provoke the inquiry why it has remained undeveloped. This inquiry can be most conclusively answered.

The southern, or best portion of this territory, did not come under the American flag for five years after gold was discovered in California. It lay upon our Mexican border, and during the war nearly all military protection was denied it, and at no time, until within the last few years, has any adequate military force been vouchsafed to it. With no seaboard, surrounded by almost impenetrable alkali deserts which were destitute of water and vegetation, and in the clutches of a defiant and powerful race of hostile Indians, it was both inaccessible and insecure.

These causes were assuredly adequate to deter settlement, and to postpone its development till the present day. But in spite of these perils and almost insurmountable obstacles to its occupation, the fame of the silver lodes of Southern Arizona inspired eastern capitalists with confidence, and a number of mining expeditions, well equipped in men and supplies, essayed mining and fighting Indians in the Santa Rita and Patagonian mountains, at Cerro Colorado, Arivaca and Sopori, twenty years ago. The enterprise of these men was being handsomely rewarded by the disclosure of vast quantities of pay ore, and hundreds of thousands of dollars

were extracted and reduced, but their operations were repeatedly interrupted, their supplies captured, and their men killed. The Apaches entrenched in their mountain fastnesses, inspired by revenge, and commanded by cunning and intrepid chiefs, swept down upon the miners, with more than the fury of Hun or Vandal.

These companies clung on tenaciously, but were compelled to relinquish their property and flee for their lives. They manifested their faith in these enterprises by returning again to the mines, but they met likewise with a tragic fate. In the presence of these facts, is it singular that Arizona is undeveloped?

Fortunately, the situation is now wholly changed. The Southern Pacific Railroad has stretched its iron wand to Fort Yuma, on the Colorado River, 720 miles from San Francisco, and the railroad is now at the doors of Arizona. This road, which crosses two deserts, tunnels a great mountain, and bridges a broad river, now opens up the territory to population and enterprise, and may possibly form a link in the line of a Southern Overland road, whose construction by one of the rival companies within a year or so, is an assured fact. The Indians, whose terrorism was a constant menace to life and property, have been subdued, and are removed to the San Carlos reservation, and Arizona is to day as quiet as California.

A letter from Governor Safford, of Arizona, whose character and excellent opportunities of observations, give weight to his words, reads: "I have no hesitation in saying that I believe Arizona to be the richest mining territory belonging to the United States, and I believe further, I hazard nothing in saying that, with increased facilities for transportation, before five years the territory will produce more gold and silver than any other State or Territory in the Union."

The mines of the territory have been in the hands mostly of impecunious miners, who were unable to develop them properly. Most of the best ones have recently passed into outside hands, but through them unsurpassed opportunities for profit are presented. The situation there now is exactly parallel to that in Nevada and California at an early day, and those who have the enterprise and courage to invest in Arizona intelligently to-day have the same opportunities to amass immense fortunes, that were open in those States in the former time. The element of chance, incident to all departments of industry, though here not entirely removed, is reduced to a minimum. Nature has there indexed her rich volume of treasure on the surface, and if its contents correspond with its title page, the world has never seen its like before.

In Mohave and Yavapai Counties, and in the vicinity of Prescott there is a flourishing mining district embracing the

Hackberry, McCrackin, Peck and Tip Top mines. In the central district near Florence there are the Silver King, McMillen and Stonewall Jackson. The Silver King sold for $300,000 a year ago and is now worth $2,000,000. It is believed, however, that the richest mining district in Arizona is in Pima County, south-east of Tucson. It is in this vicinity that Dr. H. R. Allen, of Indianapolis, at the head of a number of influential eastern capitalists, has made a large number of purchases. Here, also, in the Santa Rita mountains, is the Tyndall Company, owning a large group of mines. This Company is a strong English corporation with headquarters in London. Adjoining them are the mines of the Aztec Syndicate, an energetic and responsible eastern Association with headquarters in Philadelphia. The Heintzelman mine, in Cerro Colorado mountain, has produced $800,000 with mere surface working; and the Arizona Gold and Silver Mining Company of Indianapolis are working with fine promise. Of the Santa Rita mountains, J. Ross Browne, Mining Expert, and for years United States Commissioner of Mines, said—"After having traveled over most of our mineral territory I have never seen such indications of inexhaustible mineral wealth within so small a superficial area." The ledges are in some places three hundred feet broad and the ores are of much higher grades than the Comstock. The cost of labor is about one-third and of supplies about one-half what they are in Nevada, Utah and Colorado. The valleys of the Santa Cruz, Sonoita and Arivaca produce cereals and vegetables in great quantities, and immense herds of cattle and sheep graze upon the rich grasses which they afford. Wood for fuel and stoping, and water for motive power are present. The climate is mild, the roads good, and operations are never impeded by snow or rigorous weather. The bullion, which is to be reduced on the ground, being in small bulk is easily transported, and the completion of a southern trans-continental railroad will soon remedy this inconvenience. Unless geological indications are deceptive, history false, and common sense untrustworthy, the future of the Santa Rita, Arivaca, Cerro Colorado and Oro Blanco mining districts in south-eastern Arizona will be brilliant indeed.

Government Taxation of Broken Banks.—In the suit of the United States *vs.* the Miners' Trust Company of Pottsville, Pa., to enforce the tax against its deposits and capital, the bank resisted the claim upon the ground that the capital had been wasted. The deposits were missing, and only existed on the books. The jury, however, gave a verdict for the Government. This bank is the one of which Jacob Huntzinger, now serving a term in Berks County Jail, was President.

RIGHT OF A NATIONAL BANK TO TAKE MORTGAGE ON REAL ESTATE.

Merchants' National Bank of Chicago, vs. *Simeon Mears et al.*

UNITED STATES CIRCUIT COURT, NORTHERN DISTRICT OF ILLINOIS.

[FROM THE CHICAGO LEGAL NEWS.]

Held, That there is express power for a National bank to take a mortgage on real estate for debts which have been previously contracted. It may not loan money on real estate security; but if after the creditor has made default, or after the loan has been actually made, the bank may take real estate security, unless the course of the transaction should be colorable for the purpose of evading the statute.

We understand the facts in this case are as follows:

Simeon Mears was a regular customer of the bank, and borrowed as much as $13,000 at once. Sometime prior to 1875, he borrowed $5,000 on short-time paper, and deposited as security, note of J. E. Warren for $4,740, secured by mortgage to E. Ashley Mears, the note being payable to E. Ashley Mears, and indorsed over by him to Simeon Mears. When the latter's note matured he could not pay it, and the bank took Warren's note. When that matured Warren was insolvent, and Simeon Mears, who had indorsed it, was called upon to pay. The bank all the while held other securities, and by selling these, Mears' debt was reduced to $2,887, September 3, 1875, when he gave a new note for this sum, and the Warren note was treated as collateral for this.

BLODGETT, J.—This case was submitted to the Court on final hearing upon the briefs of counsel and upon the proof taken before the master. It is a bill filed to foreclose a mortgage given by J. Esias Warren and wife to E. Ashley Mears, by E. Ashley Mears assigned to Simeon Mears, and by Simeon Mears assigned to the complainant. The defendants to the bill are Simeon Mears and the mortgagor, and George B. Warren, who claims, as a grantee of the mortgagor by a quit-claim deed made some month or so after the mortgage was made, but recorded prior to the mortgage. The quit-claim from J. Esias Warren, the mortgagor, to George B. Warren, was put on record something like a month prior to the recording of the mortgage, although the mortgage was made prior to the quit-claim deed, but the testimony of George B. Warren shows very clearly that he took title from J. Esias Warren, mortgagor, subject to all liens then existing against the property, but took it merely as security, and with the understanding that he took it subject to any liens which had been created upon the property.

There are two objections by these defendants to the foreclosure: first on behalf of George B. Warren, that he is an innocent purchaser without notice, which I have said is sufficiently disposed of by his own testimony. The second is, that this bank—the complainant in this case, being a National bank, acting under the National Banking Law, cannot make loans upon this class of security. The facts about which there is to be no dispute are, that Warren made his note, secured by a mortgage to E. Ashley Mears; E. Ashley Mears assigned to his father, Simeon Mears, and Simeon Mears took it to the complainants in this case, the Merchants' National Bank of this city, and effected a loan, giving the note as collateral security for the loan. This was sometime shortly after the note was made—within a few months. It was carried along until sometime in the year 1875, when Mr. Mears paid up part of the loan, and the bank further reimbursed itself for the full loan, by the sale of other collaterals, and became the owner by sale, and an agreement between themselves and Mears, of the Warren note and mortgage as final security for the

payment of the balance of twenty-seven or twenty-eight hundred dollars. It is objected, as I said before, that this transaction is *ultra vires*, that it is beyond the power of a National bank to make a loan upon real estate security, and a large array of authorities is cited in support of this proposition, and it is a proposition in regard to which I have no doubt, where it is invoked in a proper case; but here, I do not think the loan can be said to have been made upon real estate security.

It was made upon a note to Mears, secured by collateral. The collateral was the Warren note—with such incidental security as the Warren note had.

I had occasion, about a year ago now, to go quite carefully into this question in a suit brought by the North-Western National Bank against Loewenthal, where precisely this same question was raised and contested very vigorously. All the authorities were there considered that entered into this brief; and I held then, and on reëxamination of my position at that time, I am contented with the view I then took of the case—that the transaction cannot be held to be within the limitations, either expressed or implied, of the National Banking Law. The seventh clause of section 5,136 reads as follows: "To exercise by its board of directors or duly authorized officers or agents, subject to law, and all such incidental powers as shall be necessary to carry on the business of banking by discounting and negotiating promissory notes, drafts, bills of exchange and other evidences of debt, by receiving deposits, by levying and selling exchange coin and bullion, *by loaning on personal security* and by obtaining, issuing and circulating notes, according to the provisions of this title."

It is claimed, and I think it has been amply held by various State Courts, and indirectly by the United States Court, that National banks can only loan money on personal security directly. Section 5,137, second clause, provides: "A National Banking Association may purchase, hold, and convey real estate for the following purposes, and no others: Such as shall be mortgaged to it in good faith by way of security for debts previously contracted."

Here is the express power to take a mortgage on real estate for debts which have been previously contracted. You may not loan money on real estate security; but if, after the creditor has made default, or after the loan has been actually made, the bank may take real estate security, unless the transaction should be colorable for the purpose of evading the statute—making the loan first, and taking security so soon afterwards as to show it was part of the original understanding; but in a case such as is provided here, there is no doubt but what the bank, after having made a loan, if it becomes doubtful of the borrower's solvency or ability to give satisfactory security, may then take a mortgage on real estate, so that this case now before me is not affected by the clause which I have just read. It simply authorizes them to take security on real estate under certain circumstances.

The former objection which I read in the preceding clause undoubtedly contemplates that the National banking business—that its loans and transactions shall be made upon personal security. But was this anything but personal security? The bank had the note of Simeon Mears with a large amount of other collaterals, the whole transaction, in its inception, amounting to thirteen thousand dollars, and from time to time, Mr. Mears made payments, and other securities were applied which were held by the bank, until the indebtedness from thirteen thousand dollars was reduced to twenty-seven hundred dollars, and then by an arrangement between the parties, this was taken as final satisfaction or security for the twenty-seven hundred dollars balance.

I think that this cannot be held within the inhibiting clause, and I am most clear that the defense set up cannot avail.

There will be a decree for the complainant for the amount found due, and it will be determined, of course, after the sale of the estate, whether there is any residue to go to the other parties in interest, after satisfying the lien of the bank.

LIABILITY OF A BANK FOR AN INDORSEMENT BY ITS CASHIER.

SUPREME COURT OF THE UNITED STATES.—OCTOBER TERM, 1877.

The West St. Louis Savings Bank, Appellant, vs. *George F. Parmelee and the Shawnee County Bank.*

Appeal from the Circuit Court of the United States for the District of Kansas.

WAITE, C. J., delivered the opinion of the Court.

The testimony in this case satisfies us beyond all doubt that the liability of the Shawnee County Bank, if any liability exists, is that of an accommodation indorser or surety for Parmelee, its cashier, and that this was known to the St. Louis bank when it made the discount. The note itself bears upon its face the most unmistakable evidence of this fact. It is made payable directly to the St. Louis bank, and the Shawnee bank appears only as an indorser in blank of a promissory note before indorsement by the payee, and while the note is in the hands of the maker. Such an indorsement by a bank is, to say the least, unusual, and sufficient to put a discounting bank upon inquiry as to the authority for making it.

But we are not left in this case to inquiry or presumption. Both the correspondence and the testimony of the cashier of the St. Louis bank show conclusively that this was the understanding of the parties. Parmelee in transmitting the note for discount wrote for himself, and not as cashier. He spoke of his own note and authorized a draft upon himself personally for the interest. He pledged his own stock for the payment of the note. Wernse, the St. Lonis cashier, says the negotiations opened with an application by Parmelee for a loan to enable him to pay for his stock in the Shawnee bank, upon the pledge of the stock as collateral. There is not a single circumstance tending in any manner to prove that the transaction was looked upon as a re-discount for the Shawnee bank, except the entries in the books of the St. Louis bank, and these are far from sufficient to overcome the positive testimony as to what the agreement actually was.

This being the case, the question is directly presented as to the liability of the Shawnee County Bank upon such an indorsement. It is certain from the testimony that no indorsement of the kind was ever expressly authorized by the bank. None of the officers, except Parmelee, and Hayward, the Vice-President, ever knew that it had been made until long after the last discount had been obtained. The books of the Shawnee bank contained no evidence of such a transaction, and the accounts of the St. Louis bank, as rendered, gave no indication of the actual character of the paper discounted.

Ordinarily the cashier, being the ostensible executive officer of a bank, is presumed to have, in the absence of positive restrictions, all the power necessary for such an office in the transaction of the legitimate business of banking. Thus, he is generally understood to have authority to indorse the commercial paper of his bank and bind the bank by the indorsment. So, too, in the absence of restrictions, if he has procured a bona fide re-discount of the paper of the bank, his acts will be binding, because of his implied power to transact such business. But certainly he is not presumed to have power, by reason of his official position, to bind his bank as an accommodation indorser of his own promissory note. Such a transaction would not be within the scope of his general powers, and one who accepts an indorsement of that character, if a contest arises, must prove actual authority before he can recover. There are no presumptions in favor of such a delegation of power. The very form of the paper itself carries notice to a purchaser of a possible want of power to make the indorsement and is sufficient to put him on his guard. If he fails to avail himself of the notice and obtain the information which is thus suggested to him, it is his own fault, and as against an innocent party he must bear the loss.

The decree of the Circuit Court affirmed.

BRITISH IMPORTS AND EXPORTS OF BULLION AND SPECIE.

The following tables show the value in dollars (at $5 to the £ sterling) of the bullion and specie imports and exports of the United Kingdom, for the year ended December 31, 1877, and the corresponding period of 1876. The first table is that of silver; the second presents the total of both gold and silver:

SILVER.

Countries.	*Imports.* 1876.	*Imports.* 1877.	*Exports.* 1876.	*Exports.* 1877.
Russia	$250	——	——	$1,200
Sweden	754,240	$1,000	$760	——
Germany	26,789,800	68,737,790	954,510	323,100
Holland	686,235	176,285	1,022,065	405,540
Belgium	212,395	360,595	983,735	102,745
France	6,704,140	7,605,475	9,164,595	3,837,870
Portugal, Azores, and Madeira.	11,170	61,875	144,480	59,845
Spain and Canaries	24,245	33,740	871,000	7,769,450
Gibraltar	188,510	136,450	——	500
Malta	20,500	13,060	31,820	78,000
Egypt	106,395	522,630	66,800	51,385
West Coast of Africa	108,335	54,525	224,050	458,495
British Poss. in South Africa	70,050	7,095	25,625	34,475
British India	1,103,540	357,850	41,149,620	71,568,215
China (including Hong Kong).	80,360	2,360	6,248,645	10,238,425
Japan	136,765	49,260	458,400	——
Australia	75,410	187,860	421,500	373,250
British North America	73,940	46,625	26,000	14,200
Mexico, South America (except Brazil), and West Indies	15,404,585	16,763,370	892,465	286,270
Brazil	319,030	208,715	——	8,000
United States	13,186,120	13,079,605	1,892,205	1,489,450
Other Countries.	1,848,050	146,880	167,395	83,250
	$67,904,065	$108,553,045	$64,745,670	$97,183,665

TOTAL OF GOLD AND SILVER.

Countries.	*Imports.* 1876.	*Imports.* 1877.	*Exports.* 1876.	*Exports.* 1877.
Russia	$13,304,725	——	——	$4,695
Sweden	762,740	$258,500	$1,300,260	837,500
Germany	30,305,370	70,887,935	12,067,055	42,040,525
Holland	747,350	541,415	3,103,120	517,055
Belgium	10,045,225	3,024,010	1,210,260	295,590
France	13,839,260	11,969,475	30,107,425	34,575,390
Portugal, Azores, and Madeira.	1,932,325	1,484,400	11,977,670	1,071,600
Spain and Canaries	263,560	901,485	873,000	10,476,450
Gibraltar	751,620	353,305	285	500
Malta	181,400	30,350	990,520	1,344,275
Egypt	1,937,115	2,087,915	5,808,705	7,026,490
West Coast of Africa	835,890	657,235	296,990	576,060
British Poss. in South Africa	1,468,975	341,705	1,175,625	2,459,205
British India	7,553,435	5,291,810	42,229,475	74,615,780
China (including Hong Kong).	4,125,450	935,330	6,248,645	10,238,425
Japan	5,994,500	6,186,325	867,400	——
Australia	24,859,295	33,465,050	471,500	373,250
British North America	73,940	46,625	176,000	114,200
Mexico, South America (except Brazil), and West Indies	24,703,210	21,366,300	5,668,365	2,505,175
Brazil	3,230,255	1,468,580	1,220,295	1,203,005
United States	35,044,645	23,388,895	19,513,635	7,327,600
Other Countries	3,326,420	1,126,025	2,014,180	1,387,825
	$185,286,715	$185,812,670	$147,320,410	$198,990,595

INQUIRIES OF CORRESPONDENTS.

Addressed to the Editor of the Banker's Magazine.

I. Signatures with a Title Added.

John Smith opens an account with a bank in name of John Smith. He signs part of his checks drawn against this account "John Smith," and part "John Smith, Superintendent." The bank refuses to pay the checks signed "John Smith, Superintendent." Is the bank right in so refusing?

Reply.—In the absence of definite instructions from J. S., as a general rule, a bank is entitled to require that checks shall be drawn in the precise name, to the credit of which, the account stands upon its books. This is the only safe and proper practice; and we do not think a bank would be liable to an action for refusing, without instructions, to pay a check drawn in the manner cited. There is a plain distinction between an addition purely descriptive, like M. D., and one like "Trustee," "Executor," "Administrator," or "Superintendent" of such an establishment, which indicate that the person using them is not acting in his individual capacity. On the other hand, J. S. would ordinarily be personally liable on a note or check signed J. S., "Superintendent," "Trustee," "Executor," "Administrator," and it would therefore, be well enough for the bank not to refuse payment, absolutely, but to hold the check long enough to notify J. S., and get his instructions.

II. Preference in Payment of Checks.

I receive from another bank a letter containing J. Jones' checks for $500, $500, and $600, making a total of $1,600. Jones' balance is only $1,500. Have I a right to pay *any* of these checks, or must I protest them *all* and return to the remitting bank?

Reply.—We do not know that this precise question has ever been decided.

The practice is for the bank receiving the checks to elect which it will pay, and we think the practice will be sustained when it comes before the Courts.

In the first place, a bank owes no duty to the check holder, and would not be liable to him for refusing to pay, even if it had funds when the check was presented. Its sole duty is to J. Jones, viz.: to pay his checks in the order of their presentation, as long as his balance holds out. As these checks have been presented together, and the bank is under no obligation to distribute the deposit ratably among them, it is most reasonable that the bank should have the right to elect which it will pay, and most for the interest of J. Jones that it should do so.

By this course two checks may be paid, and as to the third, although the holder thereof may ultimately suffer a loss from the bank's election, it is what the law calls *damnum absque injuria*. No legal wrong has been done him, because the bank has violated no duty which it owed him.

We think you should so make the election as to use as much as possible of the funds, viz.: pay the $600 check, one $500 check, and protest the other.

III. Damages for Negligence in Presentation.

On November 22, 1877, a customer gets our New York draft, which he endorses and forwards the next day to a Cincinnati firm. On the 6th of December, the drawee in New York suspends while the Cincinnati firm still holds the draft in their possession. We did not know that this draft remained unpaid. Immediate arrangements were made with another New York house to take care of our drafts on the way to the suspended New York Correspondent. The Cincinnati firm, undoubtedly becoming aware of our arrangement, at once forwarded said draft, which was paid by our *new* New York Correspondent, on the 12th of December.

Can the amount of said draft be recovered of the Cincinnati firm, by reason of their negligence in not forwarding it in good time?

Reply.—We think not. If the Cincinnati firm had called upon you to take up the draft, you might have refused because of their negligence in not seasonably presenting it to the drawee. But they were entitled to have it paid if you did not avail yourself of this defense, and you have no cause of action against them, because you neglected to do so.

It is possible that you may have a remedy against the new New York correspondent for paying a draft for which you were no longer liable; but we can not give an opinion upon that point without knowing particularly the instructions given by you to him in reference to protecting your drafts.

IV. Disputed Accounts with Depositors.

In November, 1876, a depositor came into our bank and called for a statement of his account, which was made out and handed him, showing an overdraft of $38.15. He had a private memorandum book in his pocket, and after examining his account, said that he had an entry upon his book made in March, 1876, to the effect that he had paid the bank $450.00, for which I had not given him credit. He had a pass-book, but no such entry was in it I examined my cash account at that date and found that every thing was checked, and told him he must be mistaken; thereupon he took his account with his checks which were crossmarked on the statement, and left the office.

He paid the balance due the bank, a few days after, and has kept an account with us since, at two different times, and both of the last accounts have been closed; he has also borrowed money several times since. He now comes into Court and sues for the $450.00, also for a $90.00 check that he says was missing when he got home; he had never mentioned these alleged discrepancies, since November, 1876, when I made the statement. He now says he can swear that he recollects depositing the money, and I am just as certain that he told me at the time, November, 1876, when the statement was made, that he could not remember so doing, but that he had it down in his memorandum book.

Has he any chance to recover the amount he claims?

Reply.—We see nothing in the facts stated, which, in law, estop the plaintiff from making claim upon the bank for the deposit; and it is, therefore, a pure question of fact whether he made the deposit or not. The facts, that he once assented to your view of his account and subsequently had dealings with the bank in which the claim was never mentioned, furnish very strong presumptions against it. But these are only presumptions of fact; and without any knowledge of the tribunal before which the case will be tried (especially if it is to be tried by a jury), we can give you no opinion of any value as to the plaintiff's chances of success.

With regard to the $90.00 check, if you can show that he drew such a check, and it appears by your books that such a check was paid and charged to his account, it is of very little consequence whether the check was ever returned to him or not.

V. Notes Drawing Interest Conditionally.

Where a note contains this clause—"Interest at eight per cent. Interest to be deducted if paid when due" if a part of this note be paid when due and a part run over, should interest be figured on that part which is paid at maturity together with that which runs over, or does the payment at maturity stop interest for all time?

Reply.—Part payment is not *payment* and, therefore, the condition upon which interest was to be deducted has not been performed. If, then, we disregard the words "Interest to be deducted if paid when due," the note becomes a simple promise to pay money with an agreed rate of interest, the maker of which is, of course, entitled to the benefit of a partial payment. After deducting the partial payment from the sum of the principal and interest due at the date of the payment, interest should be cast only upon the balance which remains.

VI. Notice of Non-Payment to a Surety.

When a man signs a note and writes the word "Security" after his name, how does that affect his responsibility after the note becomes due? Should he be notified promptly at maturity to hold him responsible?

Reply.—We assume that the name is signed below that of the maker, with the word "Security" added. The legal effect of this is to make the person so signing, as regards the holder, a joint maker of the note with the person signing before him.

The words "Security" or "Surety," which is frequently used, only serve to notify a holder of the note that the makers, as between themselves, are principal and surety.

It is proper in such cases to give prompt notice, but is not necessary. The maker, who signs as surety, will only be discharged by such a course of dealing with the maker, who signs as principal, as will ordinarily discharge a surety for another, *e. g.*, giving time to, or releasing the principal, etc., etc.

VII. Remittances for Collections.

A, in New York, draws on B, in California, a draft payable in currency with the current rate of exchange on New York, in favor of C (a bank in New York), for collection. C forwards to D (a bank in San Francisco), for collection. D forwards to E (a bank in the interior of California), for collection. E collects from drawee the amount of draft and exchange, and sends to D his check on New York for amount of draft. D is not satisfied (currency being one-half of one per cent. higher in San Francisco than in New York), and demands of E, a check payable in San Francisco, in currency, with premium of exchange added. What is D entitled to?

Reply.—D is *entitled* to the privilege of giving explicit instructions when sending forward his collections, as to the manner in which he wishes the proceeds to be remitted, but it does not appear that in this case he has done so. On the other hand, E is entitled to a fair compensation for the trouble of collecting and remitting, and if D has received the face of the draft, without any deduction, it seems to us that he ought to be well satisfied and not grumble about it.

BANKING AND FINANCIAL ITEMS.

THE VETO AND PASSAGE OF THE SILVER BILL.—On February 28, the President sent the Silver bill back to the House of Representatives, with his reasons for refusing to sign it. He favored the use of silver as money, but not of a silver dollar inferior to the gold dollar in value. He considered the chief defects of the bill to be the breach of faith to public creditors, and the failure to exempt preëxisting private debts from its operation. The House passed the bill over the veto, without debate, by a vote of 196 to 73. The bill was then sent to the Senate, where, after a little delay, it was passed without debate, by 46 to 19.

DIVIDENDS.—The Comptroller of the Currency has declared dividends in favor of the National banks named below, respectively, as follows:

	Per centage.		*Total per cent.*
National Bank of the State of Missouri, St. Louis...	10	..	35
Third National Bank of Chicago..................	10	..	55
First National Bank of Osceola, Iowa.............	25	..	100

THE FREEDMAN'S BANK.—In answer to a resolution of the House of Representatives, the Commissioners of the Freedman's Bank have reported that their receipts from January 1, 1875, to January 1, 1878, were $1,115,699.73, and their disbursements, including a twenty-per-cent. dividend on deposits, $738,405.92. The total liabilities of the company were $2,968,814.36. A second dividend of ten per cent. was declared February 1, 1878. The Commissioners repeat their recommendation that the Government purchase the banking houses of the company in this city and at Jacksonville, Fla., the former for $275,000 and the latter for $40,000. The Commissioners report that the balances still due to the company, exclusive of the overdrafts, foot up $996,073.06, of which a large proportion are utterly worthless. The overdrafts, amounting to $55,507.67, are almost totally so. The present assessed value of the real estate held by the company at the time of its failure and still undisposed of, is $247,824. That which has been bought in at trustee's sale and is on hand cost $267,631.

THE OLDEST GREENBACK of the denomination of $5 is under glass at Nashville, Tenn. The teller of the Third National Bank, in receiving a deposit, noticed a five marked letter A, No. 1, and dated March 10, 1863. It was sent to the Treasury Department, where it was identified as the first five issued under the Legal Tender Act. It has been handsomely framed, and will be presented to the Historical Society.

NEW YORK.—Mr. Joseph A. Beardsley, after twenty-seven years of honorable service, has resigned his position as cashier of the Bank of North America, and Mr. F. W. Whittemore has been appointed cashier in his place. Mr. Whittemore has had considerable experience in a mercantile house, and with the Comptroller's office in this city. The capital stock of the Bank of North America has been reduced from $1,000,000 to $700,000 by lowering the par value of the shares from $100 to $70, this being the only legal manner in which this reduction could be accomplished. The bank has suffered no loss of business by the causes which have rendered this reduction of capital necessary, and the institution is very carefully managed.

Mr. R. L. Edwards, manager of the Gold Clearing Department of the New York Stock Exchange, and formerly President of the New York Gold Exchange Bank, has been elected Cashier of the National Bank of the State of New York. Mr. Edwards has had a long experience in Wall Street, has successfully managed his own business for more than eleven years, and is fully competent to discharge the duties of his new position.

The Bank Department has consented to the reduction of the capital of the German American Bank from $ 1,000,000 to $ 750,000.

FAILURE.—On March 19th, the suspension was announced of S. M. Mills & Co., a prominent firm of stock brokers, at 54 Broad Street. Their liabilities are stated to be near $ 500,000.

THE BREWERS' AND GROCERS' BANK.—At a meeting of the directors of the Brewers' and Grocers' Bank, on March 20th, it was unanimously resolved to wind up the affairs of the bank and retire from business. The weekly report of March 16th, showed the amount of deposits to be $ 85,852. On March 9, the deposits were $ 101,048. A recent defalcation in the bank weakened the confidence of the depositors, who have been gradually withdrawing their accounts. They will be paid in full, but it is expected there will be a loss of ten per cent. on the capital stock of $ 150,000.

THE NATIONAL TRUST COMPANY.—Mr. William J. Best, receiver, has begun the payment of a second dividend, twenty-five per cent. The first dividend declared was fifty per cent., when a little over $ 82,000 were paid out. The receiver expects, if all goes well, to pay the depositors the balance during the month of April.

CALIFORNIA.—The Bank of Temple and Workman at Los Angeles, now in the hands of an assignee in bankruptcy, was entered by burglars about February 25th, and $ 10,000 taken. Later advices state that the robbery was committed by C. D. Phelps, bookkeeper of the assignee in bankruptcy. The money, which was buried on the top of a hill near the city, was recovered, and Phelps arrested and committed for trial.

San Francisco.—The Merchants' Exchange Bank, which went into liquidation in September last, has paid off its depositors and also a dividend of ten per cent. to its stockholders. The latter will probably realize eighty per cent. more, most of it during the current year. Mr. H. E. Hastings has resigned the position of Cashier and Secretary of this bank, and Mr. Emile Bellerman has been elected to fill those offices.

ILLINOIS.—By an Act of Congress approved January 31, 1878, "The Miners' National Bank of Braidwood," in the County of Will, State of Illinois, was authorized to change its location to the City of Wilmington, in the County and State aforesaid.

In accordance with this Act the location of "The Miners' National Bank of Braidwood" was changed to Wilmington, and the title of the bank was also changed by virtue of said Act to "The Commercial National Bank of Wilmington," Illinois, on the 4th day of March, 1878.

INDIANA.—Mr. John C. New, President of the First National Bank of Indianapolis, retired from that position on February 28th. He is succeeded by Mr. W. H. Morrison, President of the Indiana Banking Company, who retains also his connection with the latter institution.

IOWA.—The Dunlap Bank, at Dunlap, has been re-organized, and new members added to the old firm. The officers are L. Kellogg, President; S. J. Patterson, Vice-President; G. W. Thompson, Cashier; L. S. Amsden, Assistant Cashier. The partnership proposes to build, immediately, a new banking edifice.

MAINE.—On the evening of February 22d, J. W. Barron, Treasurer of the Dexter Savings Bank, not returning home as usual, search was made for him at the bank. When the doors of the Savings bank rooms had been broken open, Barron's groans could be heard in the vault, in which he was locked, and when entrance was obtained to the vault, he was found lying on the floor handcuffed, gagged, and a rope about his neck. He was taken out in a senseless condition, and died at half past five o'clock the next morning. He had several severe wounds on the head. The robbers obtained about $ 1,200, and it is supposed that they murdered the Treasurer because he refused to open the safe. The affair caused intense excitement. The trustees of the bank offered a reward of $ 1,000 for the arrest of the murderers.

Mr. Barron was of slight stature, about forty-five years of age, and a man of sterling principles. He had filled for many years the office of Treasurer of the Town and many other important positions. His fidelity to his trust is shown by his life as well as his death. A few years ago the Savings Bank made a losing investment of a few thousands, which he was no more instrumental in placing than any of the trustees of the bank, yet this weighed so heavily on his mind that he insured his life in favor of the bank to cover their loss by this investment, a fact which they did not discover until after his death.

MARYLAND.—On March 4th, there was tried, in the Criminal Court of Baltimore, the case of Samuel Barth, President of the late Union Banking Company of that city, Felix A. Savin, Cashier, and M. D. Savin and J. M. Baldwin, of New York, all of whom were indicted for conspiracy to defraud Sargent Brothers, of New York, by fraudulent certificates of deposit issued by the banking company. Judge Brown rendered his decision: Samuel Barth was acquitted, and Felix A. and M. D. Savin, and J. M. Baldwin, were found guilty. Counsel for the defense gave notice of motion for a new trial, and sentence was deferred. The case was on trial before the Court, without a jury, for nearly two weeks.

MASSACHUSETTS.—The Springfield, Mass., Clearing House was organized in December, 1872. It is composed of eight banks with a capital of $2,950,000. Balances are paid by drafts on New York or Boston. It commenced operations December 23, 1872, and its officers were and continue to be as follows:—President, H. S. Hyde, President of the Agawam National Bank; Secretary, Charles Marsh, Cashier of the Pynchon National Bank; Manager, T. Warner, Jr., Cashier of Chicopee National Bank. Its annual transactions from their commencement have been as follows:

	Clearings.		*Balances.*
1872 (seven days)	$604,818	....	$138,255
1873	31,495,171	....	9,863,604
1874	29,691,073	....	8,957,448
1875	29,095,057	...	8,830,050
1876	26,032,555	....	8,673,555
1877	24,749,047	....	8,513,283
Total	$141,667,721	....	$44,976,195
Falling off since 1873	6,746,124	....	1,350,321
" " " " Per cent.	21.4	....	13.7

MASSACHUSETTS.—The bill entitled "An Act for the better protection of Depositors in Savings Banks" was signed by Governor Rice, on March 21st, and has therefore become a law. The text is as follows:

SEC. 1. Whenever, in the judgment of the Board of Commissioners of Savings banks, the security and welfare of the depositors in any Savings bank in this Commonwealth shall require a limitation or regulation of payments to its depositors, said board may, by an order in writing directed to such bank limit and regulate such payments in time and amount as the benefit of all the depositors may require. Such order shall fully express the terms of said limitation or regulation; and it may be changed, or wholly revoked, whenever in the judgment of said commissioners the welfare of the depositors in such bank shall so require.

SEC. 2. Any person aggrieved by such order may, within thirty days after service thereof, appeal therefrom to the Supreme Judicial Court. The Court shall hear and determine the rights of the parties under such order, and may alter, affirm or annul the same, as equity may require. Upon the entry of such appeal, the Court may order such notice to all other persons interested as they may deem sufficient; and all persons so interested may appear and become parties to the appeal, and the decree thereon shall be final and binding upon all persons who appear, or might have appeared, and become parties to the proceeding. During the pendency of the appeal the order aforesaid shall remain in force.

SEC. 3. This act shall take effect upon its passage, and shall continue in force three years.

The Brighton Five Cent Savings Bank was the first to avail itself of the benefit of this law, and the Bank Commissioners have directed that during the period from March 21 to September 21, 1878, not more than ten per centum shall be paid to each depositor out of the total amount due him; ten per centum additional shall be paid during the period between September 21 and March 21, 1879. No further additional amount shall be paid after the latter date except by order of the Commissioners.

BOLD ROBBERY.—On Saturday afternoon, March 6th, the Lechmere National Bank, of East Cambridge, Mass., was robbed of about $50,000 during the absence of its cashier, and while in charge of the President. A buggy, containing a man and a woman, drove up to the bank, and the man called the President out to see the lady. The latter asked if he could sell her a draft on a Providence bank, and began to count the money from a roll of bills. The President went back into the bank, telling the lady to follow. When he got into his room he heard the buggy drive off, and suspecting something, went to the vault. He there discovered that the cash box, containing $3,000 had been emptied, and a trunk containing trust funds, including Government and city bonds, and railroad stocks, had disappeared. It is supposed the robbers were aided by two confederates concealed in the bank.

SAVINGS BANK EMBARRASSMENTS.—The suspension of some of the Massachusetts Savings banks has led to a very uneasy feeling among a large part of their depositors, and further troubles have so seriously threatened that the legislature has passed the act which we publish above. The principal changes during March have been the following:—

On March 9th, a temporary injunction was granted restraining the Haydensville Savings Bank, of Williamsburg, Mass., from the transaction of business. Its embarrassment was occasioned by the recent failure of the firm of which Joel Hayden, President of the bank, was a member. The bank held notes of Hayden & Co. amounting to $23,400. The Commissioners decided that it was expedient for the protection of the depositors to place the bank under an injunction. The deposits amount to $206,881. It is thought the assets will realize eighty-five cents on the dollar.

In Boston, a run on the Five Cents Savings Bank began on the 14th, which developed into a general panic among Savings bank depositors. School street, where the Five Cent bank is located was blockaded, and the excitement became intense. The committee which had been engaged in examining the securities of this bank for two weeks state that after deducting all the depreciation which the assets have suffered, and allowing $167,000 with which to pay interest falling due April 1st, the bank will still have a surplus of $429,000.

The uneasiness spread to the Franklin Bank, one of the strongest savings institutions in the country, the managers of which applied the brakes in season to prevent the calamity which has overtaken some other banks. The amount paid to depositors on demand was limited to $25, and sixty days' notice required for all sums over that amount. This reduces the number of banks in Boston which are paying in full on demand to three. An unusually large number of depositors in the Provident Institution for Savings, partaking of the general scare, applied for and obtained their money, and the same is true of the Suffolk Bank, although these banks are, as far as is known, solvent to the last degree.

The Home Savings Bank of Boston was restrained from continuing business, by a temporary injunction of the Supreme Judicial Court of Massachusetts, granted on March 11th. It is claimed that the bank has a surplus of $150,000, and the commissioners believe that there will be no loss to depositors. Two years ago, when a heavy run was made on it, the bank had deposits of $6,798,243. At the last examination, March 1st, the amount was only $3,117,431.

A petition has been presented to the Court to scale down the amounts due depositors of the Androscoggin (Maine) Savings Bank, to cover losses from depreciation of certain stocks. It is expected that ten per cent. reduction will suffice.

In Maine, under a decision of Chief Justice Appleton, a scaling down of thirty per cent. has been made in the depositors' accounts of the Bangor Savings Bank. This action was taken to prevent a sacrifice of the assets, and whatever excess may be hereafter realized by the bank on the present assets, will be credited pro rata to the present depositors. After a thorough investigation, confidence is expressed that the depositors will eventually be paid in full.

The trustees of the Calais Savings Bank made a voluntary suspension of payment on March 20th. It is claimed that the depositors will be paid in full.

New Jersey.—The legislature of this State has passed a new interest law, which reduces the legal rate to six per cent., and allows no contracts at a higher rate.

Trenton.—On February 25th, Jacob R. Freese, for embezzling funds of depositors of the State Savings Bank, was sentenced to three years in the State Prison, and an additional two years for conspiracy to defraud, making five years altogether. Louie K. Freese and Harry C. Freese, his sons, for the same offence, were sentenced to six months each in the county jail.

New York.—A meeting of the stockholders and receivers of the broken Wallkill Bank was held at Middletown, on February 23. General C. H. Van Wyck reported that the Attorney's bills were excessive, and that other expenses were extravagant. Receiver Burroughs had collected in round numbers, $208,000, including $37,000 in assessments. He had paid depositors $158,000; owners of the stolen bonds on the twenty-five per cent. compromise, $11,000; taxes and builders' lien, $5,400; legal expenses, $8,200; other expenses, $16,600; and has in cash on hand, $8,700.

The First National Bank of Tarrytown, N. Y., failed on March 22d. There are hopes that the depositors may lose nothing, but this is not probable. Complaint is made that deposits were received by the bank until the close of business on the previous day, though its officers must have known of the impending failure. The President of the bank, who is also supervisor of the town of Greenburgh, drew out, or caused to be drawn out, the public money under his control, several days before. It is estimated that the reliable assets of the concern, including $20,000 cash on hand, will not exceed $90,000, while the liabilities are $120,000. An examiner who was looking into the condition of the bank found that it was carrying about $100,000 in worthless paper.

The Bank of Chemung, at Elmira, N. Y., suspended on March 22d. It was a private concern conducted by Henry W. Beadle, who has made an assignment. The deposits amount to $280,000, and the discounts and overdrafts are reported at $260,000.

Ohio.—Mr. S. S. Hubbard having resigned the cashiership of the First National Bank of Toledo, Mr. J. M. Spencer has been elected to that office. In about the year 1856, long before the National banking system was known to this country, Mr. Hubbard was a member of the banking house of Messrs. Ketcham, Berdan & Co., which, in 1863, was converted into the First National Bank of Toledo. During his connection with this banking house Mr. Hubbard may be said to have grown gray in the service, and resigns his position only on account of his failing strength to endure the arduous labors necessary in such a position. In parting with him, the bank reluctantly loses a respected and efficient officer.

England.—The failure of Messrs. Willis, Percival & Co., bankers, in Lombard Street, London, was announced on March 1st. This firm were private bankers of 108 years' standing. A favorable liquidation is expected. No suspicion of the embarrassment of the house seems to have been entertained. The notification of its suspension, which was issued late in the previous evening, caused great surprise in the city. The partners are Henry Willis, Samuel Tomkins, and Samuel Leith Tomkins. One of them was Grand Treasurer of the Freemasons, and the accounts of the Grand Lodge, and one or two large Masonic charities were kept there.

THE LAW OF BANK CHECKS.—An interesting question as to the effect of certification was recently tried in the Court of Common Pleas of Hamilton County, Ohio. The action was brought by the First National Bank of Cincinnati against Alexander Kennell, upon a check given by defendant in payment of a note held by the bank. The check was drawn upon and certified as good by E. Kinney & Co., bankers, whose failure occurred immediately thereafter. The petition stated that the check had been duly presented to E. Kinney & Co., and had been protested for non-payment, due notice thereof being given to defendant. The defense set up was that the First National Bank had required, generally, that when a note was paid by a check the check must be certified by the bank on which it was drawn, and that this check had accordingly been certified by E. Kinney & Co. before Kennell presented it at the First National Bank. The plaintiff demurred to the answer.

Judge Burnet held, that the certification of a check, when procured by the maker before transfer to the holder. did not relieve him of liability to the holder, in case the check was not paid by the drawee; that the cases in which it had been held in New York, and in the Supreme Court of the United States, that the certification of a check releases from liability the drawer and makes a new contract between the holder and the certifier, extends only to cases where the holder, after the check has come into his possession, has procured a certification of it, and does not apply where the drawer of the check has himself procured it to be certified. Demurrer to answer sustained.

NOVA SCOTIA.—Almon & Mackintosh, bankers, of Halifax, failed on March 19th. Their creditors held a meeting on the 20th. The statement showed $191,000 direct liabilities, $248,000 assets, and indirect liabilities of $300,000. The estate will be liquidated under trustees, the partners to manage, but contract no new liabilities.

THE LAND BANK SYSTEM OF RUSSIA.—It may be useful to notice the new proofs of responsibility which the Russian Government has assumed in relation to the land banks, and kindred credit institutions of the country, in the attentions now given to the regulations applied to them. We are informed that the Government proposes, in an approaching sitting of the Council of the Empire, to consider "the introduction of the new land-mortgage *regime;*" drafts of the new project having been already distributed to the members of the Council by the Minister of Finance. It is stated that the institutions themselves have at different times complained of the difficulties created by the absence of legislation in cases where confiscation of landed property, in default of due payment, is required to protect them. But, as we have already shown, the liability of these institutions on their bonds is an indirect liability of the Government, and the following decree shows that the Government is ready to apply strong pressure in order to bring in funds from the unlucky borrowers:—

"Ukase, extending to the Crédit Foncier establishments of Russia the right of calling in their loans before maturity, in case of depreciation in the value of the real estate mortgaged.—The Council of the Empire in the sitting of the Departments of Economy and Legislation, &c., having examined the report of the Minister of Finance upon the question of allowing Crédit Foncier institutions, in the event of depreciation of pledged estates, to call in the loans upon such estates before the period designated for repayment, have issued the following notice:—The Minister of Finance, upon the request of the Land banks of the Urban Societies of Credit, and of the Mutual Crédit Foncier Society, as formulated in the general meetings of the shareholders of these banks, or of the members of the above societies, to have authority to introduce into the statutes of these establishments a clause to the effect that, in case of diminution in the estimated value of property pledged, through the fault of the proprietor, the establishment will have the right of requiring repayment of a proportional part of the loan before the expiration of the period primarily allowed in the mortgage contract. If the proprietor does not agree so to repay in advance, the institution will have the right of bringing an action at law against such proprietor in order to obtain payment in advance in proportion to the depreciation of the property."—*London Economist.*

OBITUARY.

JAMES ROSS SNOWDEN.—Colonel J. Ross Snowden died on March 21st, at Hulmeville, Bucks County, Pa., aged sixty-eight. He was prominently connected with affairs in Pennsylvania, having repeatedly been elected to the Legislature, where he served two terms in the Speaker's chair. He subsequently filled the positions of State Treasurer, Treasurer of the United States Mint, and Assistant Treasurer of the United States at Philadelphia. In 1853 he was appointed Director of the United States Mints, and held that position until 1861. His latter years were devoted to literature and science, and several works on numismatics are published over his signature.

JOHN STUART, founder of the well-known banking house of J. & J. Stuart, No. 33 Nassau Street, died on February 26th, in Manchester, England, in the eighty-second year of his age. He was born in Ireland, and emigrated to Philadelphia in 1823. In February, 1828, he established there the house of Stuart & Brothers, being associated with his brothers Joseph and David. Three years later he moved to New York and founded the banking house of J. & J. Stuart. Two years after he removed to Manchester, England, where he established the house of John Stuart & Co. Mr. Stuart was an active and prominent mover in philanthropic and religious works and was ever generous in his benefactions.

Mr. SAMUEL C. PALMER, cashier of the Commercial National Bank of Philadelphia, died in that city on March 20th, aged seventy years. Mr. Palmer entered the bank about forty-five years ago, and for twenty-three years was its cashier. During all the time of his connection with the institution he commanded the fullest confidence of his associate officers and of the customers of the bank. He was an intelligent, modest gentleman, and enjoyed the highest reputation for integrity of character during all his long life. At the time of his death Mr. Palmer was probably the oldest cashier, continuously in office, in Philadelphia.

THE PREMIUM ON GOLD AT NEW YORK.

FEBRUARY—MARCH, 1878.

1877.	*Lowest.*	*Highest.*	1878.	*Lowest.*	*Highest.*	1878.	*Lowest.*	*Highest.*
March	4¼	5⅜	Feb. 25	1⅞	2⅛	Mch. 11	0¾	1
April	4¾	7⅞	26	1⅞	2	12	0⅞	0⅞
May	6¼	7⅜	27	1¾	1⅞	13	0⅞	1⅛
June	4¾	6⅜	28	1¾	1⅞	14	1	1⅛
July	5⅛	6⅛				15	1	1¼
August	3⅞	5½	March 1	1⅞	2	16	1¼	1⅜
September	2⅞	4	2	1⅝	1¾	18	1¼	1⅜
October	2½	3⅜	4	1⅜	1⅝	19	1⅛	1¼
November	2½	3⅜	5	1¼	1½	20	1⅛	1½
December	2½	3⅜	6	1¼	1⅜	21	1	1⅛
1878.			7	1¼	1¼	22	1	1½
January	1¼	2⅞	8	1¼	1⅜	23	1⅛	1⅛
February	1⅝	2⅜	9	1	1¼	25	1⅛	1¼

THE RISKS OF BURGLARY.—Not a month passes without the occurrence of some attempt, usually successful, to break into the vaults or to purloin the property of banks or bankers. While valuables are in danger life is also at risk from the audacity of the robber. The power of electricity is the only true safeguard against his efforts, and a new field is here opened for the triumphs of that science. The scope of the Electric Central Telegraph system is limited as yet to the large cities, but must extend to other places as its merits become known. Some account of its operation will be found in the advertisement of the Holmes Burglar Alarm Telegraph Company, in the supplement to this Magazine.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Authorized February 20 to March 20, 1878.)

No.	Name and Place.	President and Cashier.	Capital. Authorized.	Capital. Paid.
2378	Nyack National Bank .... Nyack, N. Y.	W. C. Moore .... C. A. Chapman.	$50,000	$31,340
2379	First National Bank.......... Milford, MICH.	Ambrose C. Orvis........ Solon H. Wilhelm.	50,000	30,000
2380	First National Bank.......... Walla Walla, WASH. TER.	Levi Ankeny............. W. V. Spencer.	150,000	75,000

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from March No., page 744.)

State.	Place and Capital.	Bank or Banker.	N. Y. Correspondent and Cashier.
COL...	Georgetown ...	Merchants' Bank.......... Joshua A. Raynolds, *Pr.*	Kountze Brothers. A. H. Raynolds, *Cas.*
CONN...	New Haven....	Joseph A. Smith..........	W. T. Hatch & Sons.
ILL.....	Braidwood.....	Felton, Odell & Co........	....
" .	Lena	S. Rising & Co	Chase National Bank.
" ..	Watseka	Henry T. Skeels...........	Third National Bank.
" ..	Wenona.......	Howe, Hodge & Ralston..	George Opdyke & Co.
" ..	Windsor.......	Joseph W. Brady	....
IND	Tell City	Tell City Bank............ M. Bettinger, *Pr.*	American Exchange Nat'l Bank. G. Huthsteiner, *Cas.*
IOWA...	Brooklyn.......	W. W. Lyons.............	....
" ..	Monticello.....	G. W. & G. L. Lovell.....	Metropolitan National Bank.
KANS ..	Lawrence	Merchants' Bank..........	Kountze Brothers.
" .	Olathe.........	George B. Lord & Co.....	Gilman, Son & Co.
" ..	Paola..........	Biglow & Shaw...........	Metropolitan National Bank.
" ..	Severance	B. F. Harpster & Co......	Donnell, Lawson & Co.
" ..	Waterville.....	C. L. Burtis..............	....
" ..	"	S. T. Powell..............	Donnell, Lawson & Co.
" ..	Winfield	Citizens' Bank	American Exchange Nat'l Bank.
MICH ..	Milford........ $30,000	First National Bank (2379). Ambrose C. Orvis, *Pr.*	Ninth National Bank. Solon H. Wilhelm, *Cas.*
MINN ..	Cannon River Falls	Bank of Cannon Falls..... B. C. Howes, *Pr.*	American Exchange Nat'l Bank. J. C. Norton, *V. P.*
MO.....	Carthage	Martin L. Reid............	Kountze Brothers.
" ..	Kansas City ...	Jackson County Bank..... (Jenkins, Oldham & Co.)	Winslow, Lanier & Co.
" ..	Pleasant Hill ..	J. W. Mercer	Donnell, Lawson & Co.
NEB ...	Red Cloud.....	Smith Bros. & Thompson..	First National Bank.
N. Y...	Nyack......... $50,000	Nyack Nat'l Bank (2378).. William C. Moore, *Pr.*	National Park Bank. C. A. Chapman, *Cas.*
WASH. TERR..	Walla Walla... $75,000	First National Bank (2380). Levi Ankeny, *Pr.*	.... W. V. Spencer, *Cas.*

JAPAN.—National banks continue to be organized in Japan. The thirty-second of these institutions has been opened at Osaka, with a capital of 130,000 yen, and the managers contemplate an agency in London.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from March No., page 744.)

	Name of Bank.	*Elected.*	*In place of*
N. Y. City.	Nat'l Bank of Commerce	Richard King, *Cas*	H. F. Vail.
		Wm. W. Sherman, *A. C.*	R. King.
"	Nat'l B'k of State of N. Y.	R. L. Edwards, *Cas*	G. R. A. Ricketts.
"	Bank of North America....	F. W. Whittemore, *Cas* ..	J. A. Beardsley.
"	Brewers & Grocers' Bank..	Jacob W. Scheu, *Cas*	J. W. Hesse.
Ala....	Gainesville Nat'l B., Gainesville.	W. O. Winston, *Pr*	A. A. Winston.
" ..	National Commercial Bank, Mobile	A. A. Winston, *Pr*	C. Hopkins.
		A. M. Punch, *Cas*	D. Hubbard.
Cal....	First Nat'l Gold B'k, Oakland..	Charles H. Twombly, *Cas.*	G. M. Fisher.
" ..	First N. Gold B., Santa Barbara.	Russel Heath, *Pr*	M. Sawyer.
Conn...	Middlesex County Nat'l B'k, Middletown	Joel H. Guy, *Pr*	C. R. Sebor.*
" ..	New London City Nat'l B'k, New London	R. N. Belden, *V. P.*	E. D. Avery.
		William H. Rowe, *Cas* ...	R. N. Belden.
" ..	Norwich Nat'l Bank, Norwich..	S. B. Meech, *Cas*	F. Johnson.
" ..	Stafford National Bank, Stafford Springs	R. S. Beebe, *Pr*	J. Converse.
" ..	Stamford Nat'l Bank, Stamford.	Charles A. Hawley, *Pr* ..	J. W. Leeds.
" ..	Tolland County Nat'l Bank, Tolland	Lucius S. Fuller, *Pr*	C. Underwood.
		F. H. Underwood, *V. P.*	L. S. Fuller.
Ill.....	First Nat'l Bank, Carlinville...	Milton McClure, *Pr*	P. C. Huggins.
" ..	Decatur Nat'l Bank, Decatur...	George W. Bright, *Cas* ..	....
" ..	Dixon National Bank, Dixon..	James A. Hawley, *Pr*	A. Johnson.
" ..	Home National Bank, Elgin	M. W. Hawes, *Pr*	....
		W. K. Hougland, *A. C.* ..	....
" ..	First National Bank, Flora.....	Randolph Smith, *Cas*	L. F. Wilson.
" ..	First National Bank, Greenville.	Abr. McNeil, *Pr*	N. Dressor.
" ..	First National Bank, Olney....	Jacob Kramer, *Pr*	H. Spring.
" ..	Second National Bank, Peoria	Charles P. King, *V. P.* ..	G. H. McIlvaine.
		G. H. McIlvaine, *Cas*	B. F. Blossom.
" ..	First National B'k, Prairie City.	Israel Spurgin, *Pr*	H. W. Kreider.
" ..	First National Bank, Rochelle..	Peter Smith, *Pr*	A. Bain.
Ind	First Nat'l B'k, Cambridge City.	Linville Ferguson, *Pr* ...	A. Boyd.
" ..	Citizens' Nat'l B'k, Evansville..	M. Henning. *Pr*	R. C. Slaughter.
" ..	First Nat'l Bank, Indianapolis..	W. H. Morrison, *Pr*	J. C. New.
" ..	Meridian Nat'l B'k, " ..	J. O. Radcliffe, *Cas*	J. G. Kennedy.
" ..	Howard Nat'l Bank, Kokomo..	Nathan Pickett, *Pr*	R. Nixon.
" ..	First National Bank, Lebanon	W. J. Devol, *Pr*	J. C. Daily.
		John C. Daily, *Cas*	S. S. Daily.
" ..	Logansport National Bank, Logansport	A. J. Murdock, *Pr*	T. H. Wilson.
		O. M. Goodwin, *Cas*	A. J. Murdock.
" ..	First National Bank, Monticello.	H. H. Hamlin, *Cas*	J. T. Roach.
" ..	Bundy Nat'l Bank, Newcastle..	Simon T. Powell, *Pr*	M. L. Bundy.
" ..	First Nat'l B'k, Sullivan (*in liq.*).	W. H. Crowder, *Cas*	C. J. Sherman.
" ..	First National Bank, Tell City (*in liquidation.*)	F. Steiner, *Pr*	M. Bettinger.
		Simeon Joseph, Jr., *Cas* ..	G. Huthsteiner.
Iowa ...	Louisa County Nat'l Bank, Columbus Junction	George W. Merritt, *Pr* ..	S. C. Curtis.
		W. A. Colton, *Cas*	J. W. True.
" ..	Dunlap Bank, Dunlap.........	G. W. Thompson, *Cas* ..	G. P. Morehead.
Ky.....	National Bank of Stanford....	J. W. McAllister, *Pr*	J. S. Murphy.
" ..	First Nat'l Bank, Springfield...	R. J. Browne, *Pr*	E. L. Davison.

	Name of Bank.	*Elected.*	*In place of*
MAINE..	First National Bank, Augusta..	James W. North, *Pr*....	J. H. Williams.
" ..	First National Bank, Bangor...	E. G. Wyman, *Cas*.....	E. Merrill.*
" ..	Union Nat'l Bank, Brunswick..	Stephen J. Young. *Pr*...	W. Decker.
" ..	Dexter Savings Bank, Dexter...	George Hamilton, *Tr*...	J. W. Barron.*
" ..	Sandy River N. B., Farmington.	F. G. Butler, *Pr*.........	J. W. Fairbanks.
" ..	Union National Bank, Phillips.	N. B. Beal, *Pr*..........	D. Howard.
" ..	South Berwick National Bank..	W. D. Jewett, *Pr*........	J. H. Burleigh.*
" ..	Georges Nat'l B'k, Thomaston.	Edward O'Brien, *Pr*.....	S. Watts.
MASS...	National Union Bank, Boston..	Charles L. Young, *Pr*...	G. C. Richardson.
" ..	Lawrence Nat'l B'k, Lawrence..	A. W. Stearns, *Pr*......	A. J. French.
" ..	National Bank of Lawrence	J. S. Crew, *Pr*...........	W. G. Coffin.
		W. A. Simpson, *V. P*....	W. Hadley.
		T. E. Newlin, *A. C*......	S. D. Coffin.
" ..	Nat'l Grand Bank, Marblehead.	Henry F. Pitman, *Pr*...	E. B. Phillips.
" ..	First Nat'l Bank, Marlborough.	Sidney G. Fay, *Pr*......	W. Gibbon.
" ..	First Nat'l Bank, New Bedford.	E. W. Howland, *Pr*.....	J. Grinnell.
" ..	Nat'l Mt. Wollaston B'k, Quincy.	E. B. Pratt, *Pr*..........	J. W. Robertson.
" ..	Nat'l Exchange Bank, Salem...	Henry L. Williams, *Pr*..	J. Webster.
" ..	Union Market N. B., Watertown.	T. Grafton Abbott, *Cas*..	J. K. Stickney.
MICH...	First National Bank, Decatur	E. P. Hill, *Pr*...........	A. B. Copley.
		L. D. Hill, *Cas*..........	W. Hodges.
" ..	First National Bank, Jackson..	F. D. Bennett, *Cas*......	J. C. Bonnell.
" ..	Lansing National Bank, Lansing	Orlando M. Barnes, *Pr*..	J. J. Bush.
		William H. Haze, *V. P*..	O. M. Barnes.
MINN...	First National Bank, Kasson...	T. S. Slingerland, *Pr*....	....
" ..	First National Bank, Mankato..	John A. Willard, *Pr*....	J. B. Hubbell.
" ..	Second National Bank, St. Paul	A. M. P. Cowley, *Cas*...	G. R. Monfort.
		A. S. Cowley, *V. P*......	D. A. Monfort.
MO....	Bank of Kansas City........	J. S. Chick, *Pr*.........	N. Scarritt.
		I. M. Smith, *Cas*.........	J. S. Chick.
		W. J. Anderson, *A. C*...	A. P. Warfield.
" ..	Missouri Valley Bank, Kansas City	A. J. Baker, *Pr*.	A. T. Jenkins.
		W. A. Botkin, *Cas*......	A. J. Baker.
" ..	Farmers' National Bank, Platte City	R. W. Bywaters, *Pr*.....	J. E. Merryman.
		F. M. McCormick, *V. P*..	F. M. Johnson.
		R. T. Darnall, *Cas*......	W. O. Oldham.
" ..	Citizens' National Bank, Sedalia	John J. Yeater, *Pr*	....
		Elias Bixby, *V. P*.......	J. J. Yeater.
N. H...	First National Bank, Concord..	Augustine C. Pierce, *Pr*..	G. A. Pillsbury.
" ..	Citizens' National Bank, Keene	Obed G. Dort. *Pr*........	S. D. Osborne.
		H. S. Martin, *Cas*.......	O. G. Dort.
" .	Lake Nat'l Bank, Wolfborough.	Blake Folsom, *Pr*........	J. M. Brackett.
N. J....	National State Bank, Newark..	William Rockwell, *Cas*	....
" ..	North Ward Nat'l B'k, " ..	C. S. Graham, *Pr*.......	W. Titus.
" ..	Merchants' National Bank, Newton	J. L. Swayze, *V. P. and Acting Pr.*	
		J. C. Howell, *Cas*.......	J. L. Swayze.
" ..	Salem Nat'l Banking Co., Salem.	C. M. Eakin, *Pr*........	C. Wood.*
N. Y...	National Bank of Granville....	Daniel D. Woodard, *Cas*.	G. R. Thompson.
" ..	Nat'l Hudson Riv. B'k, Hudson.	William Bostwick, *Cas*..	A. B. Scott.
" ..	First Nat'l Bank, Sandy Hill...	Charles T. Beach, *Cas*...	W. M. Collin.*
" ..	First Nat'l Bank, Tarrytown...	A. O. Willsea, *Pr*.......	L. Redfield.
" ..	Utica City National Bank, Utica	Isaac Maynard, *Pr*.......	J. E. Warner.
		R. V. Yates, *V. P*.......	C. McLean.
" ..	First Nat'l Bank, Watertown...	O. Paddock, *Cas*........	G. L. Woodruff.
OHIO...	Farmers' Bank, Beach City....	J. F. H. Ridman, *A. C*..	....
" ..	Farmers' National Bank, Franklin	D. Adams, *Pr*..	J.S. Stoutenb'ro'gh.
		R. C. Adams, *Cas*.......	D. Adams.
" ..	Citizens' National Bank, Galion.	I. H. Pennock, *Pr*.......	W. H. Marvin.
" ..	First National Bank, Newark...	F. S. Wright, *Cas*.......	V. H. Wright.*
" ..	First Nat'l Bank, New Lisbon..	M. J. Childs, *Cas*........	O. W. Kyle.
" ..	First Nat'l Bank, Portsmouth..	John P. Terry, *Pr*.	P. S. Iams.
" ..	Second National Bank, Ravenna	E. T. Richardson, *Pr*....	G. Robinson.
		D. C. Coolman, *V. P*....	....
" ..	Farmers' Nat'l Bank, Ripley...	Chambers Baird, *Pr*.....	J. Gilliland.
" ..	Mad River Nat'l B'k, Springfield.	James S. Goode, *Pr*.....	J. W. Baldwin.
" ..	First National Bank, Toledo...	J. M. Spencer, *Cas*.......	S. S. Hubbard.
" ..	Mahoning N. B., Youngstown.	H. O. Bonnell, *Pr*.......	J. H. Brown.

	Name of Bank.	*Elected.*	*In place of*
PENN...	First Nat'l Bank, Huntingdon..	Thomas Fisher, *Pr*......	W. P. Orbison.
" ..	Leechburg Bkg. Co., Leechburg	John Hill, *Cas*.	D. Bowers.
" ..	Second National Bank, Mechanicsburg	John M. Hart, *Pr*.......	T. B. Bryson.
		J. L. Boyer, *Pr*..........	J. M. Hart.
		Joseph Elcock, *V. P*.....	....
		W. Jay Meily, *Cas*......	W. Bryson.
" ..	Iron City Nat'l B'k, Pittsburgh.	A. M. Byers, *Pr*.........	....
" ..	Monroe Co. Banking & Savings Company, Stroudsburg	E. A. Bell, *Cas*..........	....
" .	Second National Bank, Wilkes-Barre	Abram Nesbitt, *Pr*.......	L. D. Shoemaker.
		Richard F. Walsh, *V. P*.	....
" ..	Wyoming Nat'l B'k, "	C. Dorrance, *Pr*........	V. Bennett.
		Ziba Bennett, *V. P*......	C. Dorrance.
" ..	City National Bank, Williamsport	H. L. Holden, *Pr*.......	J. Sallade.
		H. Mudge, *V. P*.........	....
R. I. ..	Nat'l Eagle Bank, Providence..	Jas. H. Mumford 2d, *Pr*..	J. Sweet.*
" ..	Nat'l Exchange B'k, Greenville.	Henry E. Smith, *Pr*.....	B. R. Vaughan.
" ..	Nat'l Union Bank, Woonsocket.	James S. Read, *Cas*......	E. T. Read.
TENN ..	National Bank of McMinnville.	S. J. Walling, Jr., *Cas*...	P. H. Marbury.
TEXAS..	First National Bank, Denison..	W. H. Sanford, *Cas*......	W. S. Lowe.
VT.....	Vermont Nat'l B'k, Brattleboro.	William P. Cune, *Pr*....	L. Clark.
" ..	First Nat'l Bank, Springfield...	Amasa Woolson, *Pr*....	S. Alford, Jr.
VA.....	People's Nat'l Bank, Norfolk...	John Peters, *Pr*.........	J. E. Barry.
" ..	Shenandoah Valley National Bank, Winchester	Tilman Shumate, *Cas*...	H. M. Brent, Jr.
		John W. Rice, *A. C*.....	....
WIS....	First Nat'l Bank, Baraboo......	J. Van Orden, *Cas*......	R. M. Strong.
" ..	Citizens' Bank, Delavan........	George Cotton, *Pr*......	F. Leland.

* Deceased.

RECENT CHANGES OF TITLE, ETC.

(Monthly List, continued from March No., page 745.)

ALA.... Renfro & Andrews, *Opelika;* now Renfro Brothers.

ILL..... Miners' National Bank, *Braidwood;* changed to Commercial National Bank, and moved to Wilmington. Felton, Odell & Co. continue at Braidwood.

" .. Foll, Corning & Co., *Lena;* succeeded by S. Rising & Co.

IND..... McKeen & Tuell, *Terre Haute;* now McKeen & Co.

IOWA... Harsh & Perrin, *Crestline;* now J. B. Harsh & Co. John S. Black, Cashier.

" .. William Pelan & Co., *Missouri Valley;* now Wattles & Pelan.

KANSAS. Smith, Craig & Co., *Paola;* succeeded by Biglow & Shaw.

MICH... John Wilhelm & Co., (Merchants' Bank) *Milford;* succeeded by First National Bank.

MO..... Miners & Mechanics' Savings Bank, *Carthage;* succeeded by Martin L. Reid.

" .. Wilson & Hopkins, *Fremont;* now A. P. Hopkins.

N. Y.... Hill & Elliott, (Clinton Bank), *Clinton;* now Hayes & Co.

OHIO... Hakman, Hengehold & Co., (German-American Bank) *Cincinnati;* admit John H., Jr., and Frank Hakman.

WIS.... P. A. Orton & Co., (La Fayette County Bank) *Darlington;* now Orton. Otis & Co.

PROTECTION OF BANK NOTES AGAINST FIRE.—A German inventor has devised a bank-note album, with leaves of asbestos paper, for the protection of notes, checks and valuable documents. By placing them between the asbestos leaves, especially if the book is firmly clasped, they may be kept legible, even after exposure to a fire which reduces them to cinders.—*Papier Zeitung.*

DISSOLVED OR DISCONTINUED.

(Monthly List, continued from March No., page 745.)

N. Y. CITY. Brewers and Grocers' Bank; winding up.
" " Greenleaf, Norris & Co.; in hands of receiver.
" " S. M. Mills & Co.; suspended.
" " William H. Quick; failed.

ARK.... Sumpter, Latta & Co. (State Bank of Arkansas), *Hot Springs;* in liquidation. Burned out.

ILL..... J. Matzenbaugh & Co. (Watseka Bank), *Watseka;* dissolved. Succeeded by Henry T. Skeels.
" .. J. A. McCall & Co., *Wenona;* failed. Howe, Hodge & Ralston continued.
" .. Citizens' Bank, *Windsor;* closed. J. W. Brady, late Cashier, continues the collection business.

IND .... Citizens' Bank, *Decatur;* David Eley appointed receiver.
" .. Walker's Bank, (Walker, Welsh & Co.) *Kokomo;* assigned to J. F. Elliott.
" . First National Bank, *Tell City;* voluntary liquidation. Business continued by Tell City Bank.

IOWA... Dunlap Bank, *Dunlap;* re-organized. G. W. Thompson, Cashier.

KANS... Turner & Otis, *Independence;* resumed February 22, with increased capital.
" .. State Bank, *Lawrence;* failed.
" .. Marshall County Savings Bank, *Waterville;* suspended. Business continued by C. L. Burtis, late President.

KY..... Farmers & Traders' Bank, *Lexington;* suspended.

MAINE.. Androscoggin County Savings Bank, *Lewiston;* propose to scale deposits.
" .. Bangor Savings Bank, *Bangor;* deposits scaled down thirty per cent.
" .. Calais Savings Bank, *Calais;* suspended.

MASS... Home Savings Bank, *Boston;* enjoined.
" .. West Boston Savings Bank, *Boston;* failed.
" .. Broadway Savings Bank. *Lawrence;* demand two weeks notice.
" .. Newburyport Five-Cent Savings Bank, *Newburyport;* enjoined.
" .. William H. Morse, *Worcester;* assigned.

MICH... E. B. Percival, *Hubbardston;* suspended.
" .. Robert Nelson & Co., *Ishpeming.*

MO..... First National Bank, *Independence;* closed.
" .. First National Bank, *Pleasant Hill;* voluntary liquidation. Business continued by J. W. Mercer.

N. H... Somersworth Sav. Bank, *Great Falls;* deposits scaled down twenty per cent.

N. J.... Dime Savings Bank, *Newark;* payments limited to twenty per cent. by order of Chancellor.
" .. Rahway Savings Institution, *Rahway;* embarrassed.

N. Y.... Bank of Chemung, *Elmira;* suspended.
" .. First National Bank, *Gloversville;* voluntary liquidation.
" .. First National Bank, *Tarrytown;* failed.

OHIO... Miami Valley Savings Bank, *Cincinnati;* failed.
" .. J. S. Trimble, *Mount Gilead;* failed.

PENN... Liberty Improvement Bank, *Pittsburgh;* assigned to A. M. Thorne, Cashier.

R. I.... Ashaway Savings Bank, *Ashaway;* resources impaired. Meeting of depositors called.

N. S... Almon & Mackintosh, *Halifax;* suspended.

PUBLIC DEBT OF THE UNITED STATES.

Recapitulation of the Official Statements—cents omitted.

DEBT BEARING INTEREST IN COIN.

	Feb. 1, 1878.		*Mar. 1, 1878.*
Bonds at six per cent.	$748,667,100	...	$748,665,850
Bonds at five per cent.	703,266,650	...	703,266,650
Bonds at four and a-half per cent.	200,000,000	...	200,000,000
Bonds at four per cent.	75,000,000	...	74,900,000
	$1,726,933,750		$1,727,782,500
DEBT BEARING INTEREST IN LAWFUL MONEY.			
Navy pension fund at three per cent.	$14,000,000	...	$14,000,000
DEBT ON WHICH INTEREST HAS CEASED.	$11,599,620	...	$7,235,760
DEBT BEARING NO INTEREST.			
Old demand and legal-tender notes	$349,173,921	...	348,680,426
Certificates of deposit	31,115,000	...	28,555,000
Fractional currency	17,471,919	...	17,190,698
Coin certificates	42,733,800	...	48,456,000
Total principal	$440,494,641	...	$442,882,124
Total debt	$2,193,028,011	...	$2,191,900,384
Interest	22,427,834	...	22,700,666
TOTAL DEBT, principal and interest	$2,215,455,845	...	$2,214,601,050
CASH IN THE TREASURY.			
Coin	$126,882,989	...	$131,318,156
Currency	3,170,490	...	2,690,765
Currency held for redemption of fractional currency	10,000,000	...	10,000,000
Special deposit held for redemption of certificates of deposit, as provided by law	31,115,000	...	28,555,000
	$171,168,479	...	$172,563,921
Debt, less cash in the Treasury, Feb. 1, 1878	$2,044,287,366	...	——
" " " Mar. 1, 1878	——	...	$2,042,037,129
Decrease of debt during the past month	$1,668,076	...	$2,250,237
Decrease of debt since June 30, 1877	15,870,857	...	18,121,094
BONDS ISSUED TO THE PACIFIC RAILWAY COMPANIES, INTEREST PAYABLE IN LAWFUL MONEY.			
Principal outstanding	$64,623,512	...	$64,623,512
Interest accrued and not yet paid	323,117	...	646,235
Interest paid by the United States	37,896,334	...	37,896,334
Interest repaid by transportation of mails, &c.	9,006,862	...	9,159,131
Balance of interest paid by the U. S.	$28,889,472	...	$28,737,203

NOTES ON THE MONEY MARKET.

NEW YORK, MARCH 23, 1878.

Exchange on London at sixty days' sight, 4.87½ *a* 4.88 *in gold.*

The money market shows a little more animation. The general impression is, that during the current year a notable improvement may be expected in the condition of industrial activity. The accumulation of deposits still keeps up, and the legal-tender averages show no depletion. In this respect, our money market suffers from the presence of causes similar to those which prevail in most of the great centres of finance in Europe. Considerable attention has been elicited by the activity in United States Government securities. In England, these securities are selling freely, the chief descriptions being four-and-a-half and five-per-cent. funding bonds. As fast as these securities are exported to this country they are readily absorbed, as the demand here is fully equal to the supply from Europe. Of course, the new movement checks Mr. Sherman's funding operations, and is likely, for the present, to do so. We have here an illustration of the oft-repeated remark, that financial legislation at Washington is almost sure to to bring on results never anticipated by its promoters. Thus, the inflation measures passed some time ago resulted in a contraction, both of currency and of credits; and now the silver bill just enacted, though it has failed to accomplish some of the objects wished for, has had the effect in this country of stimulating the desire to buy United States bonds, while in Europe, it has had a contrary effect, and has caused our bonds to be sold in very large amounts. The best authorities predict an early reaction in Europe. They argue that, for several reasons, a demand must inevitably spring up for our Government bonds in England and on the Continent. In the first place, they point to the accumulation of idle capital, which is going on swiftly and steadily, notwithstanding the dullness of business. Indeed, this accumulation is partly cause by the closing of many avenues of investment and the stagnation which prevents the demand for the usual supplies of capital in mercantile channels. Secondly, the Turkish, Russian, and other securities, formerly so popular in the money markets of Europe, have lost their prestige, and are no longer sought, as formerly, by investors. For these, and other reasons, the market is expected to be ready to receive and absorb vast sums of American securities so soon as the

excitement and agitation which have shaken American credits hall have passed away. In reply to these sanguine anticipations, it may be suggested that National credit, when once it is shaken in the money market, is usually very slow to recuperate. Still, the accumulations of wealth are certainly very great in Europe. As shown elsewhere, the new capital created every year in England, averages 1,240 millions of dollars. Such, at least, is the estimate of competent authorities. All this new capital will not, of course, invest itself in stock exchange securities. Some will flow into the channels of industrial activity. Much of it will be absorbed at home. But after other demands have been fully satisfied, a considerable proportion of the 1,240 millions a year will seek to invest itself in foreign securities, and sooner or later the owners of that capital will see clearly enough that there is not to be found in the market a safer avenue of investment than that which offers them four per cent. for their money, on the faith of the Government and people of the United States. Subjoined are the averages of the New York Clearing-House banks :

1878.	*Loans.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Deposits.*	*Excess of Reserve.*
March 2	$246,456,200	$33,326,400	$33,137,900	$19,838,500	$213,933,400	$12,980,950
" 9	246,320,800	37,116,900	30,655,900	19,885,100	215,155,900	13,983,825
" 16	242,978,900	39,545,900	30,326,200	19,910,700	215,085,100	16,100,825
" 23	241,566,700	39,687,500	29,605,700	19,806,300	211,938,500	16,308,575

The Clearing-House exhibit of the Boston banks for the past month is as below :

1878.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Feb. 23	$125,322,600	$4,932,900	$3,688,300	$68,243,500	$25,100,300
March 2	124,416,100	5,024,400	3,996,600	68,678,900	25,227,700
" 9	124,684,400	5,433,700	4,039,400	68,600,300	25,174,300
" 16	124,650,900	5,850,700	4,113,400	68,898,500	25,272,000

The Philadelphia bank statements for the same time are as follows :

1878.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Feb. 23	$58,893,040	$2,143,897	$12,660,258	$45,137,637	$11,000,390
March 2	58,679,840	2,074,988	12,794,362	45,303,630	11,003,734
" 9	58,694,000	2,172,782	12,635,756	44,997,112	11,008,028
" 16	58,420,689	2,363,625	12,143,650	44,770,251	11,009,415

The stock market has been active and feverish. In Government bonds there has been a fair demand from small investors and private persons all over the country. Some of the banks and financial institutions are reported to have been selling heavily. It is also believed that large stocks of various descriptions are held here by speculative capitalists, who anticipate an advance. Some excitement has been caused by a rumor that the Treasury was about to sell one hundred millions of four and a half per cents. If this rumor was started by speculators for the purpose of depressing the market it had but limited success. The price fell from 102⅝ to 102. It was soon found, however, that Mr. Sherman, though willing to sell the bonds in question, will only do so at the equivalent of par for four per cent. Hence, the price advanced again beyond its former level. If any short sales were made by the speculators, the profits must have been very small.

In State bonds little is doing. Louisiana consolidated seven per cents. have been depressed since Governor Nichols, on the 11th instant, signed the bill to grant State aid of $2,500,000 to the Texas Pacific Railroad.

Railroad bonds are firm and in active demand. Seven-per-cent bonds on the best trunk lines are selling at high prices. The demand for railroad

bonds is swelled by the action of a number of financial corporations in selling their Government bonds which yield but four per cent. and replacing them with railroad bonds which pay nearly seven per cent. How much farther this movement is destined to go it is impossible to foresee. It is worth noting, however, and its future course will be watched with interest.

Railroad shares have fluctuated considerably, and there appears to be a little more disposition to buy on the part of outside capitalists.

Gold is firmer and foreign exchange has advanced to the shipping point. A large demand for foreign bills has been caused by the payments for imported bonds. Silver bullion is also coming this way, and the bills drawn to pay for it aid the upward movement of the foreign exchange market. The supply of commercial bills being also light, another element is added to the indications of higher rates and of consequent exportation of gold. At present, however, the prospective movements are not regarded with any special anxiety. Subjoined are our usual quotations:

QUOTATIONS:	*Feb.* 26.	*Mch.* 1.	*Mch.* 9.	*Mch.* 15.	*Mch.* 22.
Gold	101⅞	101⅞	101	101¼	101
U. S. 5-20s, 1867 Coup.	105⅝	105⅜	106⅛	106⅞	107
U. S. 10-40s Coup.	106⅝	103⅞	104½	105	105
West. Union Tel. Co.	75⅞	76¼	78⅜	79⅛	79
N. Y. C. & Hudson R.	104¾	104	106¾	107¼	105¾
Lake Shore	61⅜	61¼	62⅛	63¼	63⅜
Chicago & Rock Island	99¼	99	100⅛	101⅜	102⅛
New Jersey Central	15¼	16	15	14¼	14¼
Del. Lack. & West.	47⅝	47⅛	47	47½	52¾
Delaware & Hudson	46¾	46¾	47⅛	47½	51¾
North Western	35	35	38⅛	41⅜	41½
Pacific Mail	23	23	22⅞	19⅛	18⅜
Erie	9	9⅛	9¾	10½	10½
Call Loans	4 @ 6	5 @ 6	3 @ 4	4 @ 7	3 @ 4½
Discounts	4½ @ 7	4½ @ 7	4½ @ 7	4½ @ 7	4½ @ 7
Bills on London	4.83½-4.85½	4.84½-4.86½	4.84½-4.86½	4.86-4.88	4.87½-4.89½
Treasury balances, cur.	$35,114,931	$35,004,225	$33,980,011	$32,768,706	$32,281,860
Do. do. gold.	$106,483,715	$107,988,428	$108,847,202	$106,436,818	$106,334,541

It is reported that the Committee on Banking and Currency of the House of Representatives are considering the adoption of new legislation in relation to banking institutions and their depositors throughout the United States. Taking a hint from the method adopted by the numerous commercial agencies throughout the country which have branch houses in almost every city, certain members of the Committee argue as follows:—These agencies ascertain for their correspondents, for a small fee, the solvency of any institution with which the correspondent does business, or concerning which he seeks information. Many of them, moreover, publish printed lists in which the solvency of business firms is set forth at stated intervals. Why can not some bill be prepared which should provide that all banks, Savings banks, or other institutions issuing notes, or receiving deposits of money in any shape whatever, whether for safe custody merely, or as deposits drawing interest, authorized by State or Territorial laws or charters, or by the general Government, shall be compelled by law at brief and regular intervals to furnish the United States Treasury with minute sworn and attested statements of the exact condition of their affairs? Moreover, is it not possible that these reports shall be so collated, entered and arranged as to date, that any person throughout the Union, who

desires to deposit in any bank or banking institution, may by letter or by personal inquiry at the Treasury, obtain a categorical answer which shall be as far as possible an *ex-cathedra* opinion as to the solvency of the institution in question, and that any depositor who may be in doubt as to the safety of moneys which he may have in any banking institution may also by such inquiry receive timely warning of its true condition. No statement is published as to the names of those members of the Committee who have proposed this singular project, which is certainly original, and is said to have been seriously offered.

At the Sub-Treasury, yesterday, a number of prominent bankers of this city, including Messrs. John A. Stewart, James M. Brown, J. D. Vermilye, B. B. Sherman, J. W. Seligman, S. D. Babcock and George Bliss, had a conference with Congressman Thomas Ewing. Mr. Ewing and Mr. Chittenden were at the Sub-Treasury as a Sub-Committee on Banking and Currency of the House of Representatives. Their object was to ascertain how much coin is available and needed for the purpose of specie resumption. After answering the inquiries of the Sub-Committee, the question of the recent legislation came up and the bankers expressed considerable apprehensions as to its probable effects. A number of them were of the opinion that, except Congress will stop its mischievous agitation of financial legislation, the revival of business will be checked and ruinous harm result to the Government credit at home and especially abroad. It was pointed out that already from this course $75,000,000 of our bonds had been lately sent back from Europe. The delegation of bankers seemed for the most part to think that the injury abroad to our credit was caused not so much by what had been already done in Congress as by the vague fears as to what might be done hereafter.

DEATHS.

At CONCORD, N. H., on Wednesday, March 6th, aged fifty-nine years, JOHN V. BARRON, President of the National State Capital Bank, and Treasurer of the Loan and Trust Savings Bank of Concord.

At DEXTER, MAINE, on Saturday, February 23d, aged forty-five years, J. W. BARRON, Treasurer of the Dexter Savings Bank. He was murdered by robbers for defending his trust.

At NORTHAMPTON, Mass., on Sunday, March 10th, aged seventy-three years, JONATHAN H. BUTLER, formerly President of the Northampton Bank.

At SACRAMENTO, Cal., on Tuesday, January 29th, aged seventy-one years, HENRY MILLER, Vice-President of the National Gold Bank of D. O. Mills & Co.

At PHILADELPHIA, Pa., on Wednesday, March 20th, aged seventy years, SAMUEL C. PALMER, Cashier of the Commercial National Bank.

At HARRISBURG, Pa., on Thursday, March 14th, 1878, aged seventy-three years, JAMES W. WEIR, Cashier of the Harrisburg National Bank.

At NEWARK, Ohio, on Wednesday, November 21st, 1877, aged fifty years, VIRGIL H. WRIGHT, Cashier of the First National Bank.

THE

BANKER'S MAGAZINE,

AND

Statistical Register.

VOLUME XII, THIRD SERIES.	MAY, 1878.	No. 11.

RESUMPTION OF SPECIE PAYMENTS.

This question is an important one to every business man from its direct effect upon his affairs, and the efforts of the Secretary of the Treasury to prepare for resumption of specie payments by the Government next January should be carefully considered.

On the 11th of April, Secretary Sherman contracted with a Syndicate of bankers for the sale of fifty millions of dollars of four and a half per cent. bonds at 101½. The following is the substance of the contract:

The Syndicate agree to purchase a total aggregate of $10,000,000 of said bonds on these terms and conditions, viz.: First—The bonds covered by this contract shall be sold for resumption purposes. Second—The Syndicate shall have the exclusive right to subscribe for the remainder of $50,000,000 4½ per cent. bonds of the United States, authorized to be issued by the Acts of Congress aforesaid, but the amount to be so subscribed shall not be less than $5,000,000 for each and every month after the present month. Third—The Secretary of the Treasury shall not sell, during the continuance of this contract, any bonds other than such as by Act of Congress may be provided to be sold for the payment of the Halifax, or Geneva awards and the four per cent. consols of the United States, and those only for refunding purposes, except by mutual agreement of the parties hereto. Fourth—The Syndicate agree to pay for said 4½ per cent. bonds par and 1½ per cent.

premium and interest accrued to the date of application for delivery of said bonds, in gold coin or matured United States gold coin coupons, or any of the six per cent. five-twenty bonds heretofore called for redemption, or in United States gold certificates of deposit of authorized designated depositaries. Fifth—The Syndicate shall receive in gold coin a commission of one-half of one per cent. on all bonds taken by them under this contract, and shall assume and defray all expenses which may be incurred in sending bonds to London or elsewhere upon their request, or by transmitting bonds, coupons or coin to the Treasury Department, and shall also be charged with the cost of the preparation and issuing of the bonds. Sixth—No bonds shall be delivered to the Syndicate, until payment shall have been made in full therefor in accordance with the terms of this contract.

If this contract is completed resumption next January seems practicable to Secretary Sherman, and would probably be followed by better times, or what in England in 1822 was termed a coin inflation: after a time of prosperity higher prices would follow, and then the success of permanent resumption would depend upon factors, the power of which is not now ascertainable.

In the present financial condition of the country any decided course is better than a wavering one, and the positive belief of the Secretary of the Treasury in the success of this resumption plan is clearly an advantage. Either resumption on January, 1879, or a postponement until it may come naturally, is the desire of the community.

The principal known quantities in the problem of general, successful and permanent resumption, are, seven hundred millions of dollars of paper money in circulation; one hundred and fifty to two hundred millions of dollars of gold and silver coin and bullion in the country, a balance of trade at the present time of about two hundred millions of dollars yearly in our favor, and a very large foreign indebtedness. Except for our foreign debt, the solution of the problem would be easy; it would merely be the question of the proper ratio between paper and coin to establish confidence in permanent resumption.

The Secretary of the Treasury in a recent letter expresses opinions that cannot fail to meet with general commendation. "Now is the time," he says, "for us to make sure the general purpose you are striving for—honest money, gold and silver, and paper money equal to gold and silver for our purposes, and without distinction between them. The President sympathizes heartily with us in these views, and will do what he can in his office to contribute to their success. I am much gratified with the tendency of public opinion on this question, and feel very sanguine that no legislation that will prevent this result is likely to pass at the present session, and before the next session I hope that the great object will be secured."

SHRINKAGE AND ITS RESULTS.

The report of the mercantile failures of the first three months of the present year offers a more discouraging series of facts than was anticipated. It shows that in the United States the failures were more extensive in number and amount than for any corresponding quarter for many years. The insolvencies were 3,335 against 2,859 in the first quarter of last year, and 2,806 in the first quarter of 1876. In 1878 the quarter's failures involved liabilities of $82,078,826, against $54,538,070 in 1877, and $64,644,156 in 1876. The details for the several sections of the country are shown in the subjoined table:

MERCANTILE FAILURES, JANUARY TO MARCH, 1876–1878.

	Quarter ending March 31, 1878.		*Quarter ending March* 31, 1877.		*Quarter ending March* 31, 1876.	
States and Territories.	*No. of Failures.*	*Amount of Liabilities.*	*No. of Failures.*	*Amount of Liabilities.*	*No. of Failures.*	*Amount of Liabilities.*
		$		$		$
Eastern States	539	11,016,974	418	6,798,408	447	14,208,095
Middle States	950	32,274,606	918	23,308,354	872	21,447,603
Southern States	483	11,699,029	384	6,666,391	489	9,737,600
Western States	1,218	25,014,081	969	15,545,398	918	17,610,996
Pacific States & Territories	165	2,074,136	180	2,219,519	80	1,639,862
Total	3,355	82,078,826	2,859	54,538,070	2,806	64,644,156
Dominion of Canada	555	9,100,929	572	7,576,511	447	7,417,238

Of late perhaps there is scarcely a word in the vocabulary of finance which, in banking and mercantile circles, has been more frequently called into use, without a broad comprehension of its meaning, than the word "shrinkage." When a man speaks of the failures which have been so numerous, and have destroyed so much mercantile capital and productive power, he is instantly told that these disasters are largely due to "shrinkage." When he refers to the long duration of the industrial trouble which has paralyzed so many of the movements of our commerce and wealth, a chorus of voices instantly responds that the trouble lasts so long because of the enormous amount of "shrinkage" which has accompanied it. Finally, when he discusses the prospects of revival the same word greets his ears on all sides, and he is assured that what stands in the way of recuperation is chiefly the vast extent of the "shrinkage" in values. Where is this shrinkage of which so much is said and to which so great a power is ascribed? What are its causes, its chief features, its most probable future results?

To enable our readers to begin to investigate the laws of "economic shrinkage," we will offer a few brief illustra-

tions of the results which it developes in the stock market. It has often been said that in the area of Wall Street the economist can study to better advantage than any where else, a large and difficult class of the problems of financial science. This is undoubtedly true. For just as, in the human body, the laws which govern the motion of the vital fluids can best be observed at their great center, the heart, so in the financial organism of this country the laws of value and the motions of capital can best be observed in Wall Street. Hence, it is to the Stock Exchange that we shall look just now for some of the effects of economic shrinkage. To give a practical view to the inquiry we will select a few of the active securities. Subjoined is a table which exhibits the chief changes during the four years ending in January last:

SHRINKAGE IN THE ACTIVE STOCKS AT THE NEW YORK STOCK EXCHANGE, FROM 1ST JANUARY, 1873, TO 1ST JANUARY, 1878.

Name of Bond or Road.	*Capital Stock.*	*Jan. 1, 1873.*	*Dec. 31, 1877.*	*Shrinkage in price.*	*Loss in three years.*
Central Railroad of New Jersey....	20,600,000	105½	14¼	91¼	$18,797,500
Chicago & Alton R. R............	24,999,700	115	78½	36½	9,124,890
" " " Preferred....	2,425,400	116	102	14	339,556
Chicago, Rock Island & Pacific....	24,999.800	114¾	102	12¾	3,187,474
Cleveland & Pittsburgh...........	11,243,736	90¾	78¼	12½	1,405,467
Cleveland, Columbus & Cincinnati.	14,991,800	93¾	39	54¾	8,208,010
Columbus, Chicago & Indianapolis.	13,938,972	41⅛	4¾	37	5,147,419
Delaware, Lackawanna & Western.	26,200,000	101½	51½	50	13,100.000
Erie............................	78,000,000	67	10¼	56¾	44,265,000
Hannibal & St. Jo...............	9,168,700	50½	12½	38	3,484,106
" " Preferred.......	5,083,024	71⅛	28⅛	53	2,694,002
Illinois Central..................	29,000,000	126½	74½	52	15,080,000
Lake Shore & Michigan Southern..	49,466,500	97	64⅞	32	15,888,639
Milwaukee & St. Paul............	15,399,261	54½	37½	17⅛	1,231,940
Morris & Essex..................	15,000,000	92	78½	13½	2,025,000
Ohio & Mississippi................	20,000,000	49⅝	10¼	39⅜	7,872,000
Pacific Mail......................	20,000,000	75½	23½	52	10,400,000
Panama Railroad.................	7,000,000	130	125	5	350,000
Toledo, Wabash & Western.......	16,000,000	75¾	15½	60¼	9,800,000
Western Union Telegraph.........	33,787,475	85¾	79⅛	6⅝	2,229,973
Total....................	$482,304,368				$174,630,976

The par value of the 20 stocks above given amounts to 483 millions. In January, 1873, before the Jay Cooke panic, the whole mass of securities comprehended in this table were worth 174 millions more than their market value Jan., 1878. In four years the owners of this property lost almost twice as much as would pay the yearly interest on our National debt. But this little group of securities—merely one in number and 483 millions in par value—forms a very small portion of that great mass of values which are represented at the Stock Exchange. Hence, it follows that 174 millions is but a small proportion of the whole losses which shrinkage has inflicted on the owners of this description of property in the United States.

In the great European stock markets similar losses on a

large scale have been developed, which should find a place in the discussions of economists on the growth or decline of National wealth. Such statistics are, however, too often overlooked. Last month we gave a brief account of a discussion which has for some time been going on in England, on the question whether the growth of wealth has not been arrested or seriously checked in Great Britain. Some writers, with Mr. Rathbone, argue in the affirmative, citing as the reason of the decadence such facts as the diminishing export of British manufactures, and the contracting production incident to the great economical changes which are developing themselves, the most formidable of which are the limitation of the hours of labor, the rise in wages during the last few years, and the frequent strikes among the operatives, with the dis-
in the aggregate wealth of Great Britain. It is noteworthy
organization thus produced in thə productive mechanism of the country. On the other side Mr. Giffen appeals to the evidence of the income-tax returns, and argues from these and other similar data that there is a steady progress visible
however, that while Mr. Rathbone omits many important facts neither he nor the other writers make any allowance for shrinkage. It may be added that Mr. Giffen's estimates rest on an insecure foundation; inasmuch as they capitalize income and assume that because the yearly returns of income and profits are known, that the market value of the property of the persons who enjoy the said income may be arrived at by a mathematical formula. When the full text of Mr. Giffen's address is received we shall endeavor to examine this objection in the light of the facts and figures which he gives.

But a still more obvious and complete proof of the insecure basis on which such estimates as those of Mr. Giffen are built up is suggested by the foregoing figures illustrating the shrinkage of values in this country. During the financial troubles and currency changes of the last few years, circumstances have brought this side of the discussion to a very prominent point of view in the United States. The transition which we have made from the extravagant and irregular inflation of values, such as was reached during the excitement incident to our war finance, has familiarized the public mind to contemplate the general principles which control the economic movements from a higher to a lower level of prices. Neither Mr. Giffen nor his opponents appear to realize the immense loss of nominal capital due to the recent fall of prices, which is quite as conspicuous in England as it is in some other countries, and which is almost as severe in its results in Europe as here.

DEBT OF THE CITY OF NEW YORK.

The Legislature of the State of New York is considering a plan for leaving the debt of the City of New York to be paid, not by direct taxation, but by the efficient operation of the Sinking Fund, and a bill is pending for this purpose. If passed it would alleviate the present burdens of taxation on real estate. In the report of the Proceedings of the Convention of the American Bankers' Association held at New York in September, 1877, it was stated that "it is encouraging to the tax payers and the creditors of the City of New York to know that our city finances have not been for several years in a more hopeful condition than at present." The favorable anticipations then referred to have not been disappointed. The constant augmentation of debt, which, for several years past had become more and more appalling and burdensome to the public, has not only been checked during the last fiscal year, but the debt has decreased in the net amount since December 31, 1876, more than two millions of dollars. The following official report shows the amount of the city debt, with the amount of securities in the sinking fund for its redemption, at the close of each year since 1873:

DEBT OF THE CITY OF NEW YORK, 1873–1877.

Year. Dec. 31st.	*Funded Debt, Stocks and Bonds payable from Taxes and Sinking Fund.*	*Temporary Debt. Assessment Bonds.*	*Temporary Debt. Revenue Bonds.*	*Total Bonded Debt.*	*Amount of Sinking Fund.*	*Net Bonded Debt.*
	$	$	$	$	$	$
1873	99,492,219 72	21,927,372 30	10,449,979 20	131,869,571 22	24,841,100 15	107,028,471 07
1874	118,244,557 24	20,851,000 00	2,711,200 76	141,803,758 00	26,823,788 01	114,979,969 99
1875	119,056,903 54	21,322,200 00	4,142,927 85	144,522,031 39	27,748,307 30	116,773,724 09
1876	119,631,313 28	22,371,400 00	6,104,844 51	148,107,557 79	28,296,247 40	119,811,310 39
1877	121,440,133 15	21,329,500 00	6,051,424 39	148,821,057 54	31,120,315 24	117,700,742 30

NOTE.—The debt of the towns annexed from Westchester county, amounting December 31, 1877, to $1,162,235 42, is not included in this statement.

In a report of the City Comptroller to the Legislature, dated March 27th, 1878, further evidence of the improving condition of the finances of the city, and of the diminution of its expenditures is furnished by the reduction made in the annual tax levy for 1877, which was $1,930,581.14 less than in 1876 on taxes amounting in 1877 to $29,178,940,46 against $31,109,521.60 in 1876. The appropriation for 1878 makes a still further reduction in the taxes to be levied in the present year of about one million dollars, while the tax rate will be 2.55 per cent. against 2.65 per cent. in 1877 and 2.80 in 1876. In the same report the Comptroller presents a statement of taxes due and belonging to the city and remaining unpaid on December 31st, 1877, which, omitting uncollected

personal taxes, shows the city Treasury will eventually be reimbursed for advances which now figure in the bonded debt to the extent of over thirteen million dollars of arrears of taxes on real estate. The unpaid taxes on real estate for the years prior to 1877, and for both real and personal estate for 1877, are as follows:

ARREARS OF TAXES IN THE CITY OF NEW YORK.

For years prior to 1873	$662,716 07
1873	533,331 64
1874	1,003,034 69
1875	1,835,163 37
1876	3,111,517 49
1877	6,016,147 59
	$13,161,910 85

The enforcement of the law for the collection of taxes by tax sales has been suspended for several years, by acts of the Legislature reducing the rate of interest on arrears of taxes and extending the time for their payment without the penalty of a higher rate of interest. In order to learn the amount of the actual indebtedness of the city, we must make due allowance for the reliable assets of the city and deduct them as an off-set from the total gross debt as reported in the preceding statement. To arrive at the exact figures, we have obtained from the city Chamberlain the subjoined estimate of the condition of city debt, January 1st, 1878:

GROSS AND NET INDEBTEDNESS OF THE CITY OF NEW YORK, JANUARY 1, 1878.

Net bonded debt as reported above		$117,700,742 30
Assets.		
Assessment bonds, good	$13,500,000 00	
Collectable taxes, arrears, &c	13,161,910 85	
Property owned by city not needed for city purposes	10,000,000 00	
Total assets		36,661,910 85
Net indebtedness		$81,038,831 45
Add unsettled and litigated claims, say		5,000,000 00
Total net indebtedness		$86,938,831 45

These are the aggregates reported to us from the Chamberlain's office, and they certainly tend to reassure the public mind. What is further wanted to improve the credit of the city and relieve the tax-burdened owners of real estate in New York is such a retrenchment and wholesome reform in every department of the City government, as shall combine efficiency in administration with the highest degree of enlightened economy in practice.

THE NEW REVENUE BILLS.

The changes in the revenue by the proposed legislation now under consideration in Congress are attracting considerable attention. These changes are embodied in two bills, the first of which is the tariff bill, and was reported to the House by the Committee of Ways and Means, March 26, 1878. This bill was explained in an elaborate speech by the Chairman of the Committee, April 9, 1878. Its details are provoking a warm discussion, but its prospects are said to be favorable, both in the House and in the Senate. The Chief of the Bureau of Statistics has compiled the subjoined statement of the probable effect this bill would produce upon the receipts of the Treasury from Customs duties:

SUMMARY STATEMENT, *by schedules, of the amount of duty received from the articles enumerated in H. R. Bill, No.* 4,106, *reported by the Committee of Ways and Means, March* 26, 1878, *that entered into consumption in the United States during the fiscal year ended June* 30, 1877, *and the estimated amount of duty by the proposed Bill, with the increase or decrease of each Schedule.*

Schedule.	*Class or Group.*	*Amount of Duty.* *Received in 1877.*	*Estimated (new rates).*	*Increase.*	*Decrease.*
		$	$	$	$
A	Cotton & cotton goods	6,554,819 89	4,553,359 63	—	2,001,460 26
B	Earths & earthenware	3,511,506 40	3,031,563 73	—	479,942 67
C	Hemp, jute, &c	6,520,500 57	5,551,090 53	—	969,410 04
D	Liquors	5,848,641 71	6,378,350 90	529,709 19	—
E	Metals	6,560,366 64	6,302,442 95	—	257,923 69
F	Provisions	2,950,062 33	2,952,794 81	2,732 48	—
G	Sugars	37,056,992 23	41,245,988 67	4,158,996 44	—
H	Silk and silk goods	12,758,799 03	9,744,515 17	—	3,014,283 86
I	Spices	771,351 70	1,327,556 49	556,204 79	—
J	Tobacco	4,364,143 22	4,395,934 66	31,791 44	—
K	Wood	864,419 02	577,056 27	—	287,362 75
L	Woolen goods, wool	20,177,607 18	14,459,247 30	—	5,718,359 88
M	Sundries	17,055,775 80	18,299,247 65	1,243,471 85	—
		125,024,985 72	118,819,148 76	6,522,906 19	12,728,743 15

Total duty received in 1877	$128,223,207 41	Duty received as per above schedule	$125,024,985 72
Total duty received in 1877 as above	125,024,985 72	Duty estimated as per above schedule	118,819,148 76
Total duty as provided for in new bill	$3,198,321 69		$6,205,836 96

Total decrease from receipts of 1877, $9,404,058 65.

It thus appears that if the new tariff bill becomes a law, the loss of revenue will be between nine and ten millions of dollars. The Internal Revenue bill is not yet complete. It is being discussed in the Committee of Ways and Means, and the first section has already been decided upon. It reduces the tobacco duties by about one-third. The revenue derived last year from the tobacco tax was forty-one millions, as will

be seen from the subjoined table which compares the receipts from the various internal taxes for several years:

U. S. REVENUE FROM TOBACCO TAXES AND FROM OTHER SOURCES, 1863–1877.

	Tobacco.	*Spirits.*	*Fermented Liquors.*	*Adhesive Stamps.*	*Income Tax.*
1863	$3,097,620	$5,176,530	$1,628,934	$4,140,175	$2,741,857
1864	8,592,099	30,329,150	2,290,009	5,894,945	20,294,733
1865	11,401,373	18,731,422	3,734,928	11,162,392	32,050,017
1866	16,531,008	33,268,172	5,220,553	15,044,373	72,982,160
1867	19,765,148	33,542,952	6,057,501	16,094,718	66,014,429
1868	18,730,095	18,655,531	5,955,869	14,852,252	41,455,599
1869	23,430,708	45,071,231	6,099,880	16,420,710	34,791,857
1870	31,350,708	55,606,094	6,319,127	16,544,043	37,775,872
1871	33,578,907	46,281,848	7,389,502	15,342,739	19,162,652
1872	33,736,171	49,475,516	8,258,498	16,177,321	14,436,861
1873	34,386,303	52,099,372	9,324,938	7,702,377	5,062,312
1874	33,242,876	49,444,090	9,304,680	6,136,845	——
1875	37,303,462	52,081,991	9,144,004	6,557,230	——
1876	39,795,340	56,426,365	9,571,281	6,518,488	——
1877	41,106,547	57,469,430	9,480,789	6,450,429	* 140,391
	$386,048,363	$603,659,694	$99,780,492	$165,039,037	$346,908,738

As the tobacco taxes yielded $41,106,547 last year, a reduction of one-third would diminish the revenue by more than thirteen millions of dollars. The total reduction effected by both bills would, therefore, amount to twenty-two millions, which would leave a deficit in the revenue except in one of two contingencies. Either the sinking-fund appropriation must be omitted, or some new tax must be imposed. The latter alternative seems to have been chosen by the Committee of Ways and Means, and the tax they propose is the income tax. As to what changes in the bank taxes the Committee will propose, the latest information will be found in the "Notes on the Money Market" at the close of this number of the BANKER'S MAGAZINE.

In the draft of the new internal revenue law prepared by Messrs. Burchard and Tucker, it was proposed that the rate of the income tax shall be two per cent. on incomes of $5,000 and under, three per cent. on incomes of $5,000 to $10,000, and four per cent. on incomes exceeding $10,000. The Sub-Committee also proposed a tax of four per cent. on the dividends of railroads, banks, insurance companies, trust companies, savings institutions, canal companies, and other corporations. They also proposed that the sum exempted from income-tax shall be fixed at $2,000 for each taxpayer, together with the amount actually paid for rent of dwelling-house. A strong opposition has been organized against the income tax, and one of the most formidable objections brought against it is, that it is contrary to the Constitution of the United States, in that being a direct tax its incidence upon each State is not in proportion to the population.

BI-METALLISM IN EUROPE.

BY GEORGE WALKER.

The *Economist*, of February 23d, charges that "amongst all the false arguments that have been submitted to the delusive test of party-voting on the American Silver Bill, none are more radically absurd than those which were used to hoodwink the public into the notion that any alleviation of the mischief of the measure would be found in the amendment" (providing for an International Conference to establish the bi-metallic system) "adopted on the motion of Senator Allison." "We do not for one moment apprehend that either France, Italy, Belgium, Switzerland, or even any of the smaller States interested in the Latin Union* will at an International Congress convoked upon the invitation of the President of the United States, in the event of the Silver Bill becoming law, be persuaded to fall back into the retrograde and ineffectual system of the double standard—proved, as it has been, to be full of errors and inconveniences." The article ends by affirming that neither of the gold countries, England, Germany, or Scandinavia will recede from its mono-metallic position.

The *Economist* ought to be aware that the proposal of an International Conference was not used to pass the Silver Bill, and that the great mass of the people outside of Congress who favored the silver legislation took no interest whatever in it. On the contrary the Conference, together with the limitations on free coinage and on the amount to be coined were imposed on the bill by the Senate Committee, as conditions without which it could not have passed over the President's veto. Senator Allison, Chairman of the Committee which had the bill in charge, was intelligent enough to perceive, and honest enough to declare, that without an agreement with other bi-metallic nations, the Bill meant depreciated silver and nothing else. His language on one occasion was, that "the success of adopting the silver dollar as one of the standards of value in this country depends solely and entirely upon the agreement of foreign nations with ourselves. If the whole burden of keeping silver in circulation rests upon this Government, we might as well abandon the idea as soon as possible after we learn such to be the fact. It does not make the slightest difference whether we put 412½ or 434 grains of silver into a dollar. The coin will steadily depreciate in value if we do not coöperate with other nations who are interested in maintaining both the gold and silver standards."

* [Greece is the only State which falls within this category. G. W.]

The *Economist* charges the advocates of an International Conference, with "*absurdity*" and deception in pretending that such a meeting could afford any alleviation to the mischief of the Silver Bill. Let us see whether these charges are well founded. Whether the bi-metallic system is full of errors is matter of opinion, and is certainly not in the domain of admitted or established facts. Whether it has been ineffectual depends upon what is meant by an effective monetary system. If the *Economist* means only to say that an absolute equilibrium has not been obtained between the values of the two precious metals artificially harnessed together (to use Professor Walker's felicitous expression), then its proposition is not disputed. If the system had been, or could be made universal, such an equilibrium would be nearly, if not quite absolute; as it is difficult to understand how either metal could command a higher price in one country than in another, when the established ratio in all countries was the same, and so long as the use of gold and silver for coinage, rather than for the arts, imparts to them the larger portion of their conventional value. It is the existence of a "better market" which now invites exports and imports, and gives one metal an occasional premium over the other. But for practical purposes no such perfect and ideal equilibrium is necessary. It is quite enough if no serious inconvenience results from fluctuations to nations using the double standard. It is of very little consequence that, from time to time, one or the other metal is relatively dear and obtains the preference, unless either the foreign exchanges, or general domestic prices, or the rate of discount are affected thereby. And even if such a disturbance should occasionally occur, the alternative evils which would have resulted from a dependence on one metal only may fairly be held to outweigh it. The only serious disturbance to the established relation between gold and silver which has existed in the present century, prior to the demonetization of silver in Germany, grew out of the large increase of gold following the discoveries of 1848. But that disturbance was far less serious than was at the time anticipated. The great rise of prices which Chevalier predicted, and against which Belgium legislated, did not according to Prof. Jevons, exceed fifteen per cent., and whatever rise there was has been far more than compensated for by the civilizing and stimulating effect of a greater supply and wider diffusion of metallic money.

The bi-metallic system, though existing in name only in half of Europe, practically reigned throughout the whole of it. In a certain rough manner the silver countries balanced the gold countries, and the bi-metallic countries, like France, furnished a meeting and exchanging ground for both. The present embarrassment which England suffers in her Indian empire, and silver rupee currency, is that the Paris market, where an excess of silver accumulating in London used to

be converted into gold napoleons, is closed against her. Until the passage of the Silver Bill, English statesmen entertained the hope that the United States would abandon to her use the nobler metal, and take up silver, and thus relieve any future glut of silver in the London market. "*Hinc illae lachrymae.*"

A merely temporary preference for one metal over the other, indicated by a premium in the bullion price, is not immediately or necessarily reflected in the coinage of the inferior metal. To prove this we need only cite two recent illustrations. In April, 1875, the bullion price of silver had fallen in Holland nine per cent. Notwithstanding this, the Dutch Finance Minister, Van der Heim, stated in a report made at that time, that "not only was the silver money of Holland not depreciated at home, but its purchasing power in the markets of the world, as indicated by the price of exchange on London (payable in silver) was hardly changed at all, being, in fact, about nine per cent. above its bullion value." The same thing happened a year later in Belgium, though in the interval silver had fallen from 57*d.* to 52½*d*, and the depreciation of bullion had reached 12½ per cent. In a report made at that time by M. Malou, the Belgian Finance Minister, he says, that "facts demonstrate that in spite of the enormous quantity produced before any limitation was put upon the coinage, silver money is not superabundant, and what is more, has not been demonetized or put under suspicion in general opinion, notwithstanding the relative depreciation of the metal which composes it. If there had been an excess over the demands of the circulation, or of any doubt or moral discredit had arisen, one or other of these causes would alone have been sufficient to cause silver money to flow towards the reservoir of the banks. *Not one, however, of the sinister predictions of 1873 has been realized up to the present time; neither a general rise of prices, nor a disturbance of the exchanges detrimental to us, nor an advance in the rate of discount.*"

These facts go to show that the metals composing the coinage may undergo very great and considerably prolonged oscillations without affecting the monetary quality of the coins. In a normal state of things, under which nations continue to coin their established money, the balance is speedily restored by an added supply of the dearer and a quickened demand for the cheaper metal. Under the gold deluge of 1848 to 1859, the price of silver rose less than 2*d.* per oz., and silver coin bore no premium whatever. Per contra there is not the slightest evidence now that silver five-franc pieces buy less of commodities in France than gold pieces of the same nominal value.

Mr. Bagehot predicted in September, 1876, that the cheapness of silver (which has not been followed by any appreciable advance in the price of Indian products) would turn

the current of silver to that country, and a comparison of the exports of 1876, with those of 1877 proves that it did so.

In the *Economist's Commercial History and Review of 1877* (p. 7), it is stated that the British exports of silver to the East in 1877 was seventeen millions sterling against only eleven millions in 1876, a difference of six millions or $30,000,000, nearly equaling the silver product of the United States—thirty-eight millions. The estimates of the total exports of silver to India are larger than the above (see BANKER'S MAGAZINE for March, p. 703, where the export of 1877 to India is placed at 115 millions of dollars), but it is quite enough for our argument to show that more than the entire silver production of the world in 1877 went to India, under the natural law which tends to restore the equilibrium, whenever it is anywhere disturbed.

On these premises we venture to assert that practical bi-metallism has existed in the past, and is perfectly attainable in the future, if the countries not already committed to the gold standard will act together to make it effective. What evidence is there as to the future policy of those nations? The most important of them are the members of the Latin Union,—France, Belgium, Italy and Switzerland; and it is these nations especially that the President of the United States is directed by the Silver Bill to invite to a conference with a view to the establishment of bi-metallic money. The subject has already been several times incidentally considered by the representatives of those countries, in their conferences held at Paris at the beginning of the years 1874, 1875 and 1876, and in the reports of those conferences made to their respective governments by the delegates participating in them. A summary of the proceedings of the several meetings has been given in three papers on the *Belgian Monetary Documents*, published in the BANKER'S MAGAZINE for December, March and April last. Briefly stated, the attitude of these governments is as follows: Switzerland, the least important of them, favors the abandonment of bi-metallism and adoption of the gold standard. Such, at least, is the position of the Federal Council, or Executive Department. But the Council of States, or Upper Chamber, representing the Cantons, has not, so far as appears, assented to the doctrine that it is either necessary or expedient to abandon the double standard. On the contrary, a commission of that body, reporting in June, 1874, avowed its concurrence in "the opinion expressed by a majority of the delegates at the last conference; that is to say, it believes that the existing crisis is temporary, and that it is due to an accidental complication of causes, some of which are transient and others of uncertain duration."

"It has heretofore happened at various periods in modern times that there have been oscillations in the legal relation of the precious metals to each other, and that in conse-

quence of analogous causes; sometimes gold and sometimes silver being the depreciated metal; but once the disturbing cause has disappeared, the normal relation has been restored, and it is more than probable that this last crisis will be followed by a similar reaction." . . . "In short a permanent depreciation of silver, such as seems to be apprehended, appears to be almost impossible."

Much more important to the ultimate solution of the question is the attitude of France, the richest, most populous and most influential country in Europe after Great Britain The French delegates have from the first been divided, M. de Parieu (whom the *Economist* seems to regard as the only French authority worth considering) being alone on the gold side of the question, the three other delegates, MM. Dumas, Dutilleul and de Soubeyran, adhering with equal pertinacity to the existing bi-metallic system. In point of eminence as a publicist, and of experience in the investigation of this particular subject, M. de Parieu, no doubt, outranks his associates; but the question is not so much one of individual as of representative opinion; which side most fairly represents the sentiment of the French Government? On this point there would seem to be little doubt. The Finance Minister, at the date of the first Conference in 1874, was M. Magne, at whose instance the Monetary Investigation before the Superior Council of Commerce in 1869–70 was undertaken, and who then voted to retain the double standard. M. Dumas, a Senator and Permanent Secretary of the Academy of Sciences, who has presided over all the Conferences of the Latin Union, has been most pronounced in his hostility to an abandonment of that system. So also has M. Dutilleul, who is a member of the National Assembly and an officer of high rank in the Ministry of Finance; and M. de Soubeyran, also a member of the National Assembly. The coinage regulations agreed upon by the last Conference, (held January, 1876), were reported upon by commissions both of the Senate and National Assembly. It is a principle of all legislative bodies to constitute such commissions in accordance with the predominant opinion of the Chamber appointing them. In the Senate the report of the Commission was made by M. Rouland, Governor of the Bank of France (a Government officer), and in the National Assembly by M. Dutilleul. Both were strongly in favor of maintaining the double standard, though M. Rouland admitted that "while the Commission at the present time rejected the single gold standard, and hoped, for the most substantial reasons, that they should never have to encounter the enormous sacrifices inseparable from the maintenance of the single standard system, they could not say that this opinion was absolute and irrevocable. If other nations allowed themselves to be successively drawn into the demonetization of

silver, it might happen that France, however strongly convinced of the mistake made, might best subserve her own interests by submitting to that measure." The vigorous language of M. Dutilleul, in defense of the double standard is quoted in the last number of the BANKER'S MAGAZINE (p. 782). The very latest debate on the subject occurred in the French Senate in January of the present year, the principal speakers being M. de Parieu and M. Léon Say, the Finance Minister. The question was upon a bill to extend the operation of the law restricting silver coinage, until March 31, 1879. M. de Parieu claimed the extension to be a further step in the direction of the final abandonment of the double standard. But this was denied, in very positive terms, by M. Say, and the causes of the depreciation of silver treated by him as exceptional and temporary. He referred to the possible remonetization of silver in the United States as bearing directly on the future policy of France. It is fair to suppose that the accession of the United States to the double standard would strengthen the probability of its being retained rather than abandoned

The position of the Belgian Government would seem to be equally unmistakable. No other government has given so much attention to the course of the monetary debate and legislation in all countries. The publication of a complete series of State papers relating to the question, involving the translation of many of them out of foreign languages, affords most convincing proof of the interest with which the subject is regarded in that country. The Finance Minister of Belgium, M. Malou, has held office during the whole period covered by these papers, and he has been one of the strongest and most unwavering of the defenders of the bi-metallic system. A striking passage from one of M. Malou's reports showing that silver coin is not depreciated in Belgium, is quoted in the early part of this paper.

Italy, since 1866, has been under the régime of paper money, specie payments having been suspended in that year. It would seem from a perusal of such Italian state papers bearing on the question, as have come under our notice, that the Italian government does not lean very strongly to either side of it as a final question. But it has very distinctly avowed, both through M. Magliani its delegate in the Conference of 1874, who is, we believe, the present Finance Minister, and also in the reports of both the Parlimentary Chambers, that until specie payments are restored, Italy would deprecate any legislation tending to diminish the metallic basis of the circulation ; as such a diminution would increase the burden of all nations having before them the difficult problem of specie resumption. M. Dutilleul urged the same objection in his report to the French National Assembly in 1876, referring particularly to the United States.

The position of Holland is peculiar. It is a small country, hemmed in between England and Germany, and having intimate commercial relations with both. It had a silver currency and standard from 1847 to 1873, when the coinage of gold pieces was authorized and begun. There has been ever since a struggle going on between the Ministry and the Second Chamber, or popular branch of the States-General, the former advocating, and the latter resisting the transfer of the country from the existing bi-metallic to the gold standard. The last reported debate on the subject occurred in July, 1876, and is mentioned at length in the last number of the BANKER'S MAGAZINE (pp. 782 and 783). It shows that at that date the attitude of the Second Chamber remained unchanged. There would seem to be no doubt that Holland desires to retain silver as money of payment, and would cordially unite in a *general* international movement in favor of the bi-metallic system. Whether anything less than the adhesion of England and Germany, or of one of those countries, would satisfy her is, however, a matter of uncertainty.

The position of Austria is somewhat analogous to that of Italy; but with this difference, that while both countries are under a suspension of specie payments, Italy is likely to be influenced paramountly by the action and example of France, a bi-metallic country, while Austria is not less dependent on Germany, the new and zealous convert to gold mono-metallism. Very able treatises have been published in Austria on both sides of the question, and it is asserted that the Finance Minister is opposed to adopting the gold standard.

So much for the attitude of the principal nations not already committed to gold. It is certainly not unfavorable to the aspiration of the United States, that the subject of bi-metallism may be seriously considered by those nations in concert with this Government and with a view to its adoption. There is nothing in it to justify the fling of the *Economist* that the suggestion of an International Conference is a fraudulent pretence of the American silver party. On the contrary there is direct evidence, not yet adverted to in this paper, that such a Conference is sought for, and has more than once been directly and publicly advocated in several countries on the Continent of Europe within a very short time.

In the French National Assembly in July, 1876, M. Dutilleul, speaking in the name of a Commission of that body, used this language, "in all probability, if things do not return of themselves to a normal condition, there will be developed a necessity *for conference, for exchange of ideas, for an agreement.*"

In Holland also in July, 1876, a large majority of the Second Chamber urged the government to consider and advise "whether it is desirable and possible to secure an inter-

national recognition for the general, *or more general*, adoption of the double standard," and advised the government to take the initiative in inviting such a conference, if steps had not (as was alleged) already been taken by the larger States, to procure such a meeting. The *Economist* of June 3, 1876, quotes the *Independence Belge* as authority for the statement that an exchange of notes on this subject had already taken place between the Governments of France, Italy, Austria and Russia. It would seem, therefore, that such a project only becomes *absurd* when it is advocated by American statesmen, and that its dignity and respectability are unquestioned, so long as the discussion of the project is confined to European powers.

Although the *Economist* would lead us to fear that little support for the bi-metallic cause can be expected from Great Britain, there is, nevertheless, a leaven of opinion working in its favor even in that country. The Liverpool merchants, who trade with Asia and South America, are very generally committed to it, and it is claimed also (we know not with what justice) that the India Board, from which Lord Salisbury has just retired to take the head of the Foreign Office, and which is a political power in the English Government not to be despised, is unanimous in its adhesion to the same cause. This consideration is also worthy of attention in England. The Bank of England has been steadily losing its control over the money market, not only of the Continent but of London. While this is, no doubt, largely due to the fact that it controls a much smaller proportion of English capital than formerly, it is also confessedly owing to its obligation to protect the gold reserves of the country on which the whole currency system hinges. Its *banking* functions are greatly interfered with by this obligation, since to check a flow of gold it is obliged often to put up its rate of discount when the open market is putting it down.

Such a measure is merely imposing *a tax on the export of gold*, a tax utterly inconsistent with modern notions of political economy and generally futile. Now it seems to us that this course of conduct is made necessary by the adherence of the country to the gold standard. Is there not danger also of England's losing its position as the great *entrepôt* of exchanges and bullion market of the world, by driving the United States into an adverse monetary alliance with the Continent.

The United States has the strongest motive to cultivate and to conciliate the bi-metallic sentiment of Europe. Though it has, for the moment, adopted a ratio between the metals which is not in harmony with the predominant ratio of Europe, it is perfectly well understood in this country, that the ratio is provisional, and likely to be altered with or without the coöperation of other nations. It simply reënacted the

past, with no attempt to forecast the future. Any basis which will secure a large measure of international agreement may reasonably be expected to be satisfactory to the United States.

The invitation of the President may or may not be accepted by the European nations to which it is addressed, but that there have been abundant grounds to believe that such will be the case, no attentive reader of recent European monetary state papers can for a moment question.

Since the foregoing paper was in type the *Economist*, of March 30th, has been received, containing a second article on the proposed International Conference. One of the methods by which it seeks to discredit it is by ridiculing the opinions of M. Cernuschi, a leading advocate of bi-metallism, on other branches of political economy. M. Cernuschi has had the temerity, in the very teeth of his free-trade associates in the Paris Society of Political Economists, to declare himself a protectionist, and a defender of the monopoly of the circulation enjoyed by the Bank of France. All this is certainly very shocking, and is, no doubt, presumed to be sufficient to settle the bi-metallic question with all free traders in regular standing. But, in extenuation of his offense, we may, perhaps, be permitted to mention, that M. Cernuschi shared his protectionist sentiments with the late M. Thiers, and his banking heresy with the late M. Wolowski, statesmen of some little reputation even in England. Another ground of objection to M. Cernuschi's bi-metallism is, that last year, when in the United States, he propounded a plan for resumption, through the medium of a sterling loan, which the *Economist* thinks sufficiently absurd. Mr. Secretary Sherman has, most fortunately, relieved it from all anxiety lest M. Cernuschi's plan should be put to the practical test of experiment. As a set off to any discredit which, in the opinion of the *Economist*, M. Cernuschi's name may attach to the bi-metallic scheme, we recall the circumstance that at the Adam Smith dinner last year in London, the two most distinguished foreign guests were M. Léon Say, and M. de Laveleye, both of them bi-metallists, and the latter an earnest co-laborer with M. Cernuschi in the attempt to secure the more general adoption of the system.

The only portion of the *Economist's* last article which is worthy of serious consideration is the extract which it publishes from the *Moniteur*, relative to the Conference. If this article represents the views of the French Government (the *Moniteur* being an official paper), it shows that the mistake of legislating on silver in this country on a basis discordant with that of Europe—a mistake which the writer has always insisted on—is viewed more seriously by the nations with which we seek alliance, than we had hoped or believed would

be the case. We have shown by quotations from Senator Allison in the foregoing article, that the ratio (16 to 1) was not considered as of the essence of the question, and was adopted simply for the purpose of restoring the *status quo* which existed before the passage of the Coinage Act of 1873.

The following extracts from his closing speech prove that he not only attached no importance to the ratio 16 to 1, but avowed his preference for that of 15½, and understood perfectly that no international arrangement was possible on any other basis:

"The Senator from Delaware asked me if I would vote to-day for a bill which should propose the coinage of silver at the rate of 15½ to 1. I unhesitatingly answer yes; and if this bill is to be amended so as to provide for free coinage it ought to be amended so as to provide for a free coinage at the rate of 400 grains instead of 412½, in order to put ourselves upon the relation which these two metals bear to each other in the countries that use and have the bi-metallic standard." . . . .

"It follows from this that the dollar of 412½ grains is the highest standard dollar that we ought to adopt. If we could this day come to the relation fixed by the Latin Union, there would be a likelihood that the Union would again join us in restoring silver to its old relation *without a conference with them*, but this seems impracticable now; and the further we depart from the standard of 15½ to 1 so much the more difficult it will be for us to come back to the relation *which must be established* if silver is to be used continuously as a part of the money circulation of the world."

The *Moniteur's* anxiety lest further injury should be done to the public creditor is also unnecessary. It was doubtless a mistake not to except the public debt from the operation of the Silver Bill, in order measurably to disarm criticism, but it was not necessarily, nor presumably, a fraud. The silver party honestly believed that re-monetization in the United States would lead to re-coinage in Europe, and that the two combined would restore silver to its normal value. Senator Allison so stated:

"This amendment contemplates that a sufficient number of nations will join to create such a demand for silver as will keep the commercial and Mint values of the two metals at par with each other at the ratio fixed."

As nearly every bi-metallic statesman in Europe has uniformly maintained the same doctrine, it is an unjust imputation upon American public men to assert that they used the argument disingenuously. As lately as December last, M. de Laveleye wrote to an American correspondent, that "if the coinage of silver is resumed in the Latin Union and in the United States on the basis of 15½, *silver will immediately recover its old value.*"

But the Senate Committee distinctly guarded themselves against the suspicion of being willing to reduce the weight of the silver dollar to the injury of creditors. On this point Senator Allison said:

"Of course if we were to adopt the French ratio, which would be a dollar of 400 grains, and not a dollar equivalent to the five-franc piece, *justice not only to the public creditor but justice to every existing creditor would require that it should apply to all future contracts only and not to existing*

contracts or debts, whether public or private. Therefore if we reduce the coined silver dollar 3½ per cent., as that would do, of course we must for the existing debts pay three and one-third dollars additional upon each hundred dollars provided for under existing contracts. That would be the solution of the question so far as all existing contracts are concerned."

We do not understand from the text of the Silver Bill, nor from the interpretation thus put upon it by its promoters that the commissioners, who may be appointed by the President to attend an International Conference, would be bound to advocate the ratio of 16 to 1, or any other particular ratio, but would be free to discuss the question *de novo;* the objects of the Conference being merely deliberative, and if it should be thought best to change the ratio from 16 to 15½, the public creditor would undoubtedly be protected.

HISTORY OF SILVER DEMONETIZATION.

We have no purpose of taking part in the acrimonious controversy in relation to the history of the demonetization of silver in this country, beyond stating briefly some of the facts.

The Act of February 12, 1873, adopted as a substitute for all previous laws concerning the mints and coinages, contains a precise enumeration of all the coins of gold, silver, nickel and copper authorized to be struck. The seventeenth section prohibits the striking of any coin not enumerated. The silver coins authorized are the underweighted small, subsidiary coins, and the trade dollar designed for Asiatic commerce. In respect to these authorized silver coins, described as "*said coins*," the Act provided that they should be a tender for not exceeding five dollars in any one payment. No reference or allusion is made in the Act to the silver dollar, but although not named, it fell under the prohibition of the seventeenth section, and could no longer be struck, not being one of the coins enumerated and authorized in the Act.

As will be seen, all the silver dollars previously struck, remained full legal-tenders, but the number of such dollars was quite unimportant. The quantity of silver coins below the denomination of one dollar, struck before 1853, which were of full weight and an unlimited legal tender, was more considerable. These latter coins were also not affected by the Act of February 12, 1873, as to their legal-tender capacity.

The Statutes of the United States, as revised in 1874, limit the legal-tender capacity of all silver coins to five dollars, and it is therefore the revision of 1874, and not the Act of February 12, 1873, which so limits the capacity of such silver dollars and of such silver coins prior to 1853, below the denomination of one dollar, as were still in existence. As the

revision of 1874 was not intended to change, but only to consolidate, the laws then in force, this part of the revision is denounced by some persons as fraudulent. Doubtless, it was an inaccurate revision, but the entire quantity of silver coin demonetized in consequence of the inaccuracy was insignificant, and the demonetization of silver was already practically accomplished by the Act of February 12, 1873.

But although the Act of February 12, 1873, practically demonetized silver, it was only by suspending the coinage of the legal-tender silver dollar, or, as the present Secretary of the Treasury once expressed it, by "*dropping the silver dollar out of the coinage.*" It neither took away the legal-tender capacity of the silver dollars already coined and in existence, nor did it prescribe in advance that such silver dollars as might be thereafterwards coined, should be deprived of the legal-tender capacity. The avowed reason for not coining the silver dollar in 1873 was, that it was then at such a premium, three per centum, as compared with gold, that it was impossible to circulate it. When that reason ceased to exist, in consequence of a change in the markets, it might have been the intention, as it certainly would always be within the power of Congress, to restore the coinage of the silver dollar.

The revision of 1874 did not merely demonetize silver for the time being, but it established a permanent rule, operating both retrospectively and prospectively and upon silver coins of all denominations, depriving them of the function of money, and destroying the bi-metallic system which the constitution of the United States clearly establishes by the following provision:

"No State shall coin money, or make anything but gold and silver coin a tender in payment of debts."

The fourteenth section of the Act of February 12, 1873, enumerates the authorized gold coins, and says of the one dollar piece, that "*it shall be the unit of value.*" It is thought by many persons that this language, of itself, and without reference to anything else contained in the Act, establishes the single gold standard. But by the same rule of construction, it would be necessary to maintain that the first mint law, that of April 2, 1792, established the single standard of silver. The law of April 2, 1792, provides that "*the money of the United States shall be expressed in dollars or units,*" the dollar "*to be of the value of a Spanish milled dollar, as the same is now current,*" and to contain 371¼ grains of pure silver. Nobody ever supposed that this language established a single silver standard in this country. In 1792, as in 1873, our unit of value and account was the dollar. The mint law of 1792 did not authorize any one-dollar gold piece, but did authorize a silver dollar piece. The mint law of 1873 did not authorize any one-dollar silver piece, but did authorize a gold

dollar piece. Necessarily, therefore, the unit under the law of 1792 was of silver, while under the law of 1873, it was of gold. But all this does not touch, or have any relation to the question of a single or double standard. We know that our standard was double under the law of 1792, although the unit under that law was a silver piece. In like manner, although the unit under the law of 1873 was a gold piece, the standard would, nevertheless, have remained double, if the striking of silver dollars had not been prohibited in another part of the same law.

An epitome of the whole question is, that the Act of Congress of 1873 regulated coinage. The revision of this Act in 1874 *restricted constitutional money.*

BANK TAX REPEAL IN CONGRESS.

We have already announced that the American Bankers' Association and the other advocates of bank tax repeal have decided to concentrate their efforts, during this session of Congress, upon the repeal of the tax on bank deposits. The reasons for this determination are obvious. First, the present condition of the Treasury does not allow the whole of the Federal taxes on the banking business to be remitted. The Treasury report lately presented to Congress shows that if thirty-seven millions be appropriated to the sinking fund this year, there will be a deficiency of eleven millions; but if no appropriation be made there will be a surplus of twenty-five millions. The same report states that the sinking-fund requirements under the law have been more than satisfied and that an excess has been reached of 220 millions. If the present year's contribution to the sinking fund should be reduced to twenty millions, there will be a surplus of several millions. This sum, it is contended, could not be put to a use more beneficial to the nation than in liberating the deposits, which form so important a part of the mechanism of trade, from the pressure of the present mischievous taxation. Another reason for limiting effort to the deposit-tax repeal is, that if granted it would benefit all sections of the country and all sorts and classes of banks. The business of the South and of the West would be as sure as the business of the other parts of the country to partake of the beneficent stimulus of a fiscal reform, which sets free from the paralyzing pressure of taxation those important movements of the industrial machinery that depend upon the bank deposits. Other reasons might be cited, not the least of which is that many persons who are prejudiced against National banks have no prejudices at all against State banks or private banks, but are quite

ready to relieve such institutions from needless and ruinous fiscal burdens. And this object is precisely that which is contemplated in liberating from Federal taxation the deposits of all banks whatsoever. As the Committee of Ways and Means are now discussing the bill drafted by the Sub-Committee on internal revenue, Messrs. Tucker and Burchard, the American Bankers' Association have had several formal hearings before the Sub-Committee. One of the most important of these took place on the 8th of April, when the Hon. W. F. Daniel, State Senator of Viginia, and the Hon. John Echols, a member of the Virginia House of Delegates, accompanied by Dr. George Marsland, the Assistant Secretary of the American Bankers' Association, appeared before the Sub-Committee. An interesting discussion took place, but as the rules of the Sub-Committee forbid the presence of reporters, it was impossible for us to obtain authentic copies of the addresses made. The substance of one of these speeches has been, however, written out for the use of the committee, and the others may, perhaps, be accessible hereafter. The address referred to is as follows:

ADDRESS OF DR. GEORGE MARSLAND.

Gentlemen of the Sub-Committee on Ways and Means:

There are two or three erroneous views of the taxation on bank deposits which I wish briefly to refute, as they appear to have exerted more or less of influence upon the minds of various members of the Committee of Ways and Means.

First, it has been urged that the National banks are the only or chief institutions which will profit by the repeal, and in whose interest the relief from the deposit tax is sought. The Government of the United States, it is alleged, and with much truth, has conferred privileges on the National banks. Hence, the inference is drawn that these institutions should be taxed for the privileges they enjoy. This is freely conceded. But we deny that it has anything at all to do with our desire for the repeal of the tax on deposits. Like all false and sophistical reasoning, the argument is partly true. The Government has bestowed upon the National banks privileges, and has imposed upon them corresponding duties and responsibilities. But these privileges are not concerned with the receipt of deposits, which is the only function here in question. If it be said that the Federal Government has bestowed on the National banks the privilege of receiving bank deposits, and that in return these institutions should pay a tax on those deposits, I meet the statement with a direct challenge and denial. No constitutional lawyer of reputation will admit that the Federal Government has any right to confer, under the constitution of the United States, the privilege of receiving deposits. Their receipt is not a privilege; it is a common law right, inherent in every citizen. In the

United States any man, and any partnership of men, has a perfect right to open a bank and to receive deposits there, if the public are willing to trust the parties with their money. The constitution of the United States contains nothing to afford the least countenance to this claim, and with the claim thus surrendered, the justice of the tax on deposits can be no longer maintained.

The fact is that there are twice as many banks in this country which receive deposits, outside of the National banking system, as within it. By the latest reports there are in the United States, 6,240 banks, of which only 2,058 are National banks. The other 4,070 banks are made up of 2,587 private banks, 948 State banks, and 647 Savings banks. I beg leave to hand to the Sub-Committee an interesting table, compiled from the *Banker's Almanac*, and carefully corrected to the present time, showing how many there are of each description of banking institutions in every State in the Union:

	National Banks.	*State Banks.*	*Savings Banks.*	*Private Banks.*	*Total.*
Eastern States	531	46	*445	96	1,118
Middle States	633	282	*170	652	1,737
Southern States	177	217	† —	314	708
Western States	717	403	* 32	1,525	2,677
	2,058	948	647	2,587	6,240

It is not possible to state precisely how much revenue the United States Treasury receives from each State on account of the tax on deposits. The subjoined table shows however the total amount of the Federal taxes paid by the banks of the United States. The first three columns report the whole taxation paid by the banks to the Federal Treasury, and the last three columns show how much of this aggregate is made up of the tax on deposits.

FEDERAL TAXATION ON NATIONAL AND OTHER BANKS, 1864–1867.

Years.	*Nat'l Banks Total Federal Taxation.*	*Other Banks Total Federal Taxation.*	*All Banks Total Federal Taxation.*	*National Banks Tax on Deposits.*	*Other Banks Tax on Deposts.*	*All Banks Total Tax on Deposits.*
	$	$	$	$	$	$
1864	167,310	2,837,719	3,005,030	95,811	780,723	876,534
1865	1,954,029	4,940,870	6,894,899	1,087,530	2,043,841	1,131,571
1866	5,146,835	3,463,988	8,610,823	2,633,102	2,099,635	4,732,738
1867	5,840,698	2,046,562	7,887,260	2,650,180	1,355,395	4,005,576
1868	5,817,268	1,866,745	7,684,013	2,564,143	1,438,512	4,002,656
1869	5,884,888	2,196,054	8,080,943	2,614,553	1,734,417	4,348,971
1870	5,940,474	3,020,083	8,960,557	2,614,767	2,177,576	4,792,344
1871	6,175,154	3,644,241	9,819,396	2,802,840	2,702,196	5,505,037
1872	6,703,910	4,628,229	11,332,139	3,120,984	3,643,251	6,764,236
1873	7,004,646	3,771,031	10,775,678	3,196,569	3,009,302	6,205,872
1874	7,083,498	3,387,160	10,470,659	3,209,967	2,453,544	5,663,511
1875	7,305,134	4,097,248	11,402,382	3,514,310	2,972,260	6,486,570
1876	7,229,321	4,006,698	11,236,019	3,505,129	2,999,530	6,504,660
1877	6,998,926	3,829,729	10,828,656	3,445,252	2,896,637	6,341,890
Total.	79,252,091	47,736,379	126,988,454	37,055,127	32,306,819	69,361,966

* These are savings banks *proper*, organized for the benefit of *depositors*. In some States it is impossible to separate them from those benefiting *stockholders*.

† Included in State banks and private bankers.

On these figures I wish to make but one observation. If Congress will listen to our request and relieve the banks from the burden of this mischieveous tax on deposits, they will give relief to business in a way that will spread itself over the whole territory of the United States, and will stimulate production, not in one section of the nation alone, but in every town and village and city in the country. In view of these facts it is absurd, it is an insult to the intelligence of the American people, to say that the benefit conferred by the repeal of the deposit tax would be narrow and doubtful. This is as absurd as to say that the repeal is a boon craved for the National banks and for them alone. Gentlemen, it is for all banks alike that we ask relief to-day! It is for all banks and for all the people who deal with banks. We do not ask relief for the 2,000 National banks alone, but for the four thousand private bankers, Savings institutions and State banks which are affording daily facilities for commerce, advancing money to pay wages, doing the business of the country, and stimulating the recuperation of industry; and which need to be liberated from a tax which no other country, in its direst need of revenue, has ever ventured to run the risk of imposing.

A second error to which I would respectfully call attention is that the banks can afford to pay the tax, and, therefore, that they ought to be made to pay it. It has just been stated by the Hon. Senator, from Lynchburg (Mr. Daniel), that forty-one millions of capital invested in National banks paid no dividends last year. He might have stated that almost, if not quite, as much more of the capital so invested received dividends which were derived, not from the earnings of last year, but from the accumulated surplus earned in previous years.

Waiving this point, however, let us look at the question as men of business. There are at the head of private banks and other banks in this country, men who are not surpassed in the great financial centers of Europe for ability, power and foresight. These men are the Napoleons of finance, and they have the gift of organizing success. If they turn their attention to banking, they succeed; if to the business of dry goods, they succeed; everything they touch turns to gold under their hand. A. T. Stewart, John Jacob Astor, if they had been bankers, would have been successful bankers. We have in this country, many successful bankers. The institutions flourish of which they are the guiding spirits. But shall we, because here and there amongst our banks is found a brilliant proof of the genius of our financial magnates, shall we shut our eyes to the fact that these successful banks are the exceptions? The rarest exceptions? What did the honorable delegate from Staunton, Mr. Echols, tell us just now? Did he not say that his bank pays taxation amounting

to four per cent. on its capital? Did he not assure us that these excessive taxes are eating away the resources from which dividends should be paid, are not only discouraging capital from entering the banking business, but are driving its present capital out of the banking business? Those of us who are familiar with the balance sheets of banking institutions, know very well that the bank of which the honorable gentleman has spoken is among the strongest and best-conducted institutions in the State, and has proved itself to be so. And yet it is making no money for its shareholders. We have investigated this subject, and can speak from what we know. If it were possible, at this moment, for us to summon before the Committee a representative from each of the banks throughout the United States which can with difficulty hold its own and carry on its business without robbing its shareholders to pay this tax on deposits, we should have around the Capitol such a vast array of bank representatives that we should number them by thousands. And if, beyond these we could see the widows, the orphans, the investors of small means, who have put their money into bank shares and who are disappointed and distressed by the depression thus caused, we should count the victims of the deposit tax by tens of thousands.

To sum up the whole subject in brief: I admit that there are some prosperous banks in this country, just as there are some prosperous men; and for the same reason. But it is absurd to deduce from this fact any inference that the 361,000 investors in bank shares, many of whom are dependent on their dividends for the means of living, ought to be impoverished and oppressed.

A third error which I wish to point out but need not argue at length is, that, in asking for the repeal of the deposit tax, we are asking for something to be taken from the public revenue and bestowed upon the banks, from which the banks alone will get any good. I have already shown that, in relieving the banks from this ruinous taxation you will reach far beyond the narrow limits of our financial system or our banking institutions. The influence expands and extends itself, just as the wave started by a pebble spreads and widens its circle over the smooth surface of a lake till the extremest boundary is reached. The interests of commerce, of agriculture, of trade and of industrial growth, are so closely bound up with the interest of the banks that every measure of relief which liberates the banking machinery from pressure, liberates from pressure the industrial energies of our people. In asking, then, for relief for the banks, we ask Congress to give relief to the trade and business which depends upon the banks, and which, just now, sorely needs to be relieved and revived.

Mr. Tucker—Do not the State Governments tax the banks

very heavily and unequally? Ought you not to ask for relief from State taxes and let the Federal taxes stand?

The answer to this question is easy and conclusive. We come to Congress to ask for relief from Federal taxation, because that is all the relief which Congress has the power to bestow; Congress has very little power to interfere with the State taxation of banks, but it has unlimited power to deal with the Federal taxation. It is true that there are many anomalies and irregularities in the State taxation of our banks throughout the country. These we are taking proper means to correct and modify. But the system of State taxation of our banks is as old as this Government. It is even older than our National Constitution, and will last a thousand years, if, as we hope, our National life and prosperity endures so long. The taxes upon the banking business are taxes upon the real and personal estate of the banks. They are paid by banks, insurance companies, manufactories, by farmers, by merchants, by traders of all kinds. We do not ask to have the State taxes taken off; all we desire is to have them assessed equitably upon real and personal estate of the banks, as upon all other real and personal estate in the country. The State taxes are old taxes, and they will continue, because their nature is permanent as the Government itself.

The Federal taxes on banks, on the contrary, are new taxes. They are levied on deposits. They are a monstrosity of fiscal legislation, unheard of anywhere else in the world. They are a tax upon debts. They are a tax upon delicate and sensitive movements of business which they hamper and tend to paralyze. Like the fabled birds in Virgil's classical epic, they not only eat up valuable substance, but they spoil more than they eat. This is why we distinguish the bank taxes from all the other surviving taxes imposed during the war. There are two kinds of war taxes, the temporary and the permanent. The permanent class are those which experience here and in other countries has shown to be tolerable. The temporary class are those which are known to be ruinous. These are the war taxes which are emphatically war taxes. They make war as long as they last, and destroy just as war destroys, that which is valuable and the loss of which involves more or less of ruinous results. In 1865, our Fiscal system was disfigured by a great multitude of these taxes, these war taxes of the worst kind. They were all got rid of soon after the restoration except the bank taxes which, we are informed, would also have been taken off if we had come into this room with our arguments and complaints, as did other suffering interests, to ask for and obtain relief.

I will not detain the Sub-Committee with any further suggestions, except to say that our association does not presume to dictate to Congress as to the time when the bank taxes

should be repealed. We content ourselves with stating the arguments which convince us that the bank tax ought to stand at the head of the tax list for repeal. We are glad to find among the members of Congress generally an increasing readiness to assent heartily to the proposition which we wish to lay before the Committee, and to keep present to their minds in all their fiscal deliberations, that, as soon as the state of the Treasury will allow the sacrifice of six millions of revenue, the Federal tax on bank deposits shall be at once taken off.

BANK SHARES AND STATE TAXES.

An important decision has just been published in regard to the assessment of bank shares for taxation by the State authorities. The case was that of the *Merchants' National Bank of Toledo*, against *William Cummings*, Treasurer of Lucas County, in the State of Ohio. The complaint was founded upon the law of the United States, of February 10th, 1868, which provides that the Legislature of each State may determine and direct the manner and place of taxing all the shares of National banks located within said State, subject to the restriction that the taxation shall not be at a greater rate than is assessed upon any other moneyed capital in the hands of individual citizens of such State. This law requires that the shares of National banks shall be assessed as other personal property in the hands of individual citizens of such State. The evidence proved that other personal property in the same county was assessed at from thirty to forty per cent. of its real value, while the shares of the Merchants' National Bank were assessed for taxes for the year 1876 at their full value. Hence, it was claimed by the complainant that the taxation imposed under this excessive assessment was an injustice which contravened the provisions of the U. S. law above quoted. On these facts and pleadings, an injunction restraining the collection of taxes from the bank was granted some months ago by Judge Emmons of the U. S. Circuit Court for the Sixth Judicial Circuit. Several other cases involving the same points are pending, and the decision has just been given by the Hon. John Baxter, Circuit Judge at Cleveland, Ohio. The decision is that, under the Constitution of Ohio and the U. S. law of February 10th, 1868, the complainant is entitled to relief and the shares must not be assessed at more than forty per cent. of their value so long as other personal property in the State is not assessed at more than the same rate. As this case is attracting great attention, we give the following extract from the opinion of the Court as delivered by Judge Baxter:

There were several points presented and urged in the argument of this case on the hearing, which in the view I have taken of it, need not be discussed here. Suffice it to say that from the pleadings and proofs it very satisfactorily appears that complainant's capital stock was assessed for taxes for the year 1876 at its full value, while all other property in the same county was assessed at from thirty to forty per cent. only of its real value, and that by reason of this unequal assessment complainant's capital stock was in the hands of its shareholders onerated with an undue proportion of the public taxes. It is not important to inquire into the methods leading to such a result, whether from inadvertence or design, the consequences are the same to the complainant. It is an injustice that contravenes the Constitution of Ohio, as well as the provisions of the National Banking Law, and a wrong which the courts may, when their powers are properly invoked, take cognizance of and redress; but the defendant insists that the wrong complained of is a wrong to complainant's shareholders, against whom the tax was assessed, and not against the complainant. This objection seemed, on first impression, to have been well taken, but further reflection induces the belief that it involves the rights of complainant as well as the rights of its corporators. Between the two there is an intimate connection, the legal entity—the corporation—is distinct from the shareholders; but the former is a trustee for the latter, and custodian of corporate funds; and if it shall pay the taxes so assessed, and assume to deduct the same from dividends declared, or to be hereafter declared in favor of its shareholders, it may, and the averment is that it will, subject itself to a multiplicity of suits with its own stockholders; whereas, if it refuses to pay these taxes it will impair its credit, embarrass its business, and expose itself to vexatious and expensive suits, and entail upon itself other irremediable injuries in resisting the illegal exactions made upon it.

Hence, in view of the probable consequences, I have reached the conclusion that the complainant, in its corporate capacity, is entitled to a standing in this court, and to relief, and I shall therefore authorize a decree permitting complainant to pay to the defendant, or into the registry of the court, forty per cent. of the amount of the tax assessed against its shareholders, in accordance with its tender heretofore made, and, on this being done, an injunction be issued perpetually enjoining the collection of the residue thereof. The costs will be decreed against defendant, to be paid out of the money to be realized under decree hereinbefore authorized.

As this case will probably be carried up to the Supreme Court on appeal, we will reserve our discussion of its details. If the decision of Judge Baxter should be affirmed, our banks, both National and State, will be relieved from the necessity of asking Congress or the State Legislature to meet, by new legislation, the capricious and unequal assessment of bank shares for State taxation, at rates higher than those adopted for other personal property. In the State of New York two bills are pending in the legislature to increase the facilities of applying judicial remedies to the evil of capricious and unequal assessment. In support of this movement the following extracts from an address lately prepared by the Tax Committee of the New York Clearing House present a very convincing argument on the subject:

"In order to seek some relief from the oppressive and unequal burden of taxation that rests upon banking capital in this State, and especially in this City, we beg leave most respectfully to ask your serious consideration to a plain statement of facts; not with a view of securing favor for a special class of the community, but simply to show how fully the welfare of this city and of the entire State is identified with the great interest which we represent, and how far the present disproportionate weight of taxation is operating to expel banking capital from New York, and is tending to the extinction of valuable institutions

which have hitherto contributed largely to the revenues of our State and City; given support to its trade and commerce, and added strength to its industrial enterprises. And also, to show how excessive taxation of this, as of other interests, actually operates to diminish the income of the public treasury, which it aims to augment.

"You are aware that banking capital is made up of the accretions of small sums from the community which ordinarily escape taxation, and of contributions of money from other States and countries which come within our local jurisdiction. These will remain here only as long as interest dictates, and they will fly away to more fruitful fields at the first moment when, from any cause, profit relatively ceases. It is the true interest of such capital that it be fairly taxed, in order to secure its protection and stability. But investments in banking institutions have no such permanent lodgement in any State, as prevents their speedy removal elsewhere whenever they are unjustly treated. And such capital is so intermingled with every other material interest, that its withdrawal is not alone, the loss of so much actual revenue to the State, but it impairs also the value of other interests which lean upon it for support, and which contribute also to the public treasury. In overtaxing the banking interest, a serious wound is, therefore, inflicted upon the whole social fabric, and the losses to the State of taxable capital are both directly and indirectly multiplied. The taxable value of bank capital consists not alone in what it is in itself, but also in what it does for other productive interests.

"Before the war, banking capital was only subjected to local taxation of the several States. Experience has shown that this one contribution was as much as could be safely drawn from capital thus employed, and that any further exaction only tended to prohibit such investments, and to prevent the establishment of institutions actually required to assist in the development of other useful industries. With the war, however, came the most imperative necessity for special taxes, and these were largely imposed upon banks and cheerfully paid. But while the return of peace has relieved all other subjects from these special war burdens, the banks still labor under the infliction, simply because being dealers in money, taxes are easily collected of them and are promptly paid. And not only are banks now painfully serving these 'two masters' but those in the City of New York have been subjected for the past year to additional State taxation, through a new interpretation of the law, which, while it previously assessed all bank shares at not over their par valuation—now includes the added value of whatever surplus banks may possess. This interpretation operates as a penalty upon banks for being so prudently conducted as to acquire a surplus, and it practically imposes a fine upon National banks for securing a reserve fund of twenty per cent. upon their capital, which the law requires them to do, and places them under a penalty to the National government if they do not comply with this condition of their organization, and to the State government, if they do.

"The effect of this interpretation of law, has been to induce many of our best institutions to pay out their surpluses to shareholders and thus to escape its taxation. Its whole influence is to deprive this great commercial community of those guarantees for good management and stability which the possession of a surplus fund by a bank always assures. It offers an inducement for all banks which are assessed below par, to remain so, and it permits those which are impaired by losses, to hide themselves behind the assumption that they are simply depressing their stock to evade the assessor.

"In conceding to the States the right to tax bank shares as personal property, the general Government limited that power 'at no greater rate than other moneyed capital.' The evident intent of Congress was to place bank shares upon a par with other personal property for the purposes of taxation. But this law has been so construed as to limit the words 'no greater rate,' to the narrow signification of the 'rate per cent.' of taxation, leaving the valuation of bank shares upon which that rate may be operative, at the discretion of assessors. The manner of assessment has accordingly varied in every State, and in the State of New York, the valuation differs in every country and in almost every town; the assessment ranging from thirty per cent. of the par value exclusive of all surplus, to par and the surplus added. The same prop-

erty which in one part of the State is valued for taxation at a certain sum, is in another part assessed at three or four times the amount.

"The most oppressive rate of valuation has been rigidly applied to the city of New York and it not only imposes upon institutions there an unjust discrimination, but it renders those who reside in other parts of the State and who are more favorably assessed, averse to any corrective legislation. The manifest injustice of such inequalities, has thas far proved an insuperable obstacle to all relief. Remonstrances from banks in this city have been unavailing, and overwhelmed by taxation there has commenced a downward movement of banking capital which threatens seriously the financial supremacy of this city, already greatly impaired in her commercial pre-eminence by diminished ocean navigation and by railroad competition.

Six or seven banks, including two of the largest and most important institutions, have commenced reducing their capital, and an aggregate diminution of some five millions has already been substantially effected, while others are seriously considering the same course. The actual or market value of bank shares for taxation in this city, consequent mainly upon the increased assessment of 1876, will for the next year fall off at least ten per cent. of their aggregate remaining amount, showing a diminished assessment roll of this interest the very first year after the increased valuation, of more than the apparent gain, and a permanent diminution from year to year. The incidental results of the loss of so much financial power from the city of New York to all the industries and enterprises of the nation, are incalculable, and prove conclusively the truth that a small apparent gain in taxation may be secured at an immeasurable loss by 'killing the bird that lays the golden egg.'

Aside from the regret and mortification which all good citizens must feel in perceiving a decline in the financial institutions and power of the city, the chagrin is aggravated by the fact that this loss is, in a great degree, gratuitous and self-imposed.

"The financial crisis through which the country must pass in the effort to recover a sound financial position, will require all the aid which banks in their fullest strength can furnish. In the time of greatest extremity and peril to the nation, their utility and power were fully proved and gratefully recognized. Is it not the dictate of true wisdom and sound statesmanship to withdraw the destroyer's hand and preserve them for their legitimate service upon the great occasion for which the country is waiting with earnest expectation?"

A STAY LAW IN MASSACHUSETTS.

We printed in our last number, (p. 826) the text of the recent Act of the legislature of the State of Massachusetts, entitled "An Act for the better protection of depositors in Savings banks," but, in fact, an Act to release Savings banks from their obligation to pay according to the terms of their contracts, and authorizing them, or a Board of Commissioners in their behalf, to substitute such other terms as may be convenient, and further to enable them to continue business and pay salaries notwithstanding insolvency.

In view of the awkward position in which the Savings banks find themselves placed, innocently no doubt, but not more so than many other classes of debtors, there may be something to be said in favor of giving them relief; it may even be admitted that such legislation, in such times, is likely,

apart from its evil example, to do as much good as it does harm. But it was hardly in the State of Massachusetts that we expected the initiative to be taken.

A Savings bank borrows money from its depositors without security, agreeing to repay it with a low interest on demand or within sixty days thereafter. If it cannot do this it is insolvent, and, in regular course, should be wound up as quickly and cheaply as possible, and the proceeds divided fairly among its creditors. Under this new Massachusetts law, the Savings bank, instead of either paying or failing, may procure from the Board of Commissioners of Savings Banks an "order in writing," by which it may "limit and regulate such payment in time and amount," etc.

It is true that many depositors in Savings banks place there permanent savings, and that to them this law will frequently produce a larger percentage than they could otherwise hope for. To them it will be a gain. But it is likewise true that many other depositors place there temporary savings, with the expectation of withdrawing them to meet personal necessities—or to make other and permanent investments as opportunity offers. To them this law will bring only loss and frequently ruin. But what is still more to the point, the agreement was to repay on demand or within sixty days. The same causes which have crippled the Savings bank have impoverished the depositor. Yet the law offers to the Bank an excuse for not paying its debts, which it would not suffer the customer of the bank to avail himself of. The Brighton Savings bank need pay back only twenty per cent. within a year, without discontinuing business or calling itself insolvent, because the law in the case of a Savings bank considers this to be a compliance with an agreement to pay in full on demand, but the depositor in the Savings bank who needs his money to pay his own debts, must get along as he can—perhaps go into bankruptcy for the want of it.

We had not looked for such legislation in Massachusetts. The late Chief Justice Oakley, of the New York Superior Court, was a model Judge; when eminent counsel suffered their zeal for their clients to carry them too far, he would look at them with infinite gravity and say, "Gentlemen you set a bad example to the younger members of the profession."

OUR COINAGE ACTS.

II.

WHY THE ACT OF 1834 WAS PASSED.

It has been shown that Hamilton, observing a tendency in the legislators of his day to attach the money standard to silver alone, proposed as an alternative the double standard; that he assumed that the question of the amount of pure gold to a dollar was settled by law and custom; that by the best information at his command he determined that the nearest market ratio of value of equal weights of silver and gold was one to fifteen, and by that ratio alone fixed the amount of pure silver to the dollar, 371¼ grains; that his purpose was to form a system of strictly honest money in both metals, so that neither the debtor nor the creditor in any account should have reason to prefer one to the other; and that Congress, by adopting all his recommendations, sanctioned his purposes and his methods.

It is now to be considered how the elaborate scheme worked practically. It would be very interesting if we should include in the inquiry the history of the numerous and perplexing controversies over the legal currency of foreign coins, over the two banks of the United States, over the treasury notes that were issued and their status, and over the difficulties that arose in consequence of the suspension of cash payments by the banks on more than one occasion. But it will be best now to confine our attention strictly to the one matter of the working of Hamilton's system of bimetallism, and the efforts, some successful and some otherwise, to change it.

In March, 1816, twenty-four years after the passage of the Mint Act there were sundry propositions looking to a reduction of the weight or fineness of the small silver and the copper coins. These schemes met with little support and fell through. The reasons for the suggestions of this nature will appear from what follows.

In January, 1819, the Secretary of the Treasury communicated to the Senate a letter from the Director of the Mint, dated December 28, 1818, in answer to certain questions propounded to him. In reply to the question, "Have you any particular information of the relative value of gold and silver during the present year in France and England?" Mr. Robert Patterson, the Director of the Mint, quotes from a London paper of the 22d April, 1818, adding that it corroborated an observation of his own in response to a question

addressed to him by the Chairman of a Committee at the last previous session of Congress. The article from the London paper remarked upon the large recent coinage of gold in England and its almost immediate disappearance from circulation; and accounted for it by the new relation established between the values of the two metals when an overvalued silver token coinage was introduced. The writer calculated that the ratio was raised from 1 to 15.059 to 1 14.121. He further noted that the ratio in the later French coinage was 1 to 15.517, and in Holland 1 to 15.1665. He thought the undervaluation of gold thus shown accounted fully for its disappearance from circulation.*

Let us now turn to Mr. Patterson's own opinion which, it seems, was given before the article in the London paper was printed—

"*Question:* Are any amendments in the laws of the United States necessary to secure the coinage of a more considerable quantity of *gold* than has heretofore been annually coined at the mint?

"*Answer:* Nothing occurs to me as adequate to this effect except increasing the value of *gold* relatively to that of silver, so that the ratio of the one to the other may be somewhat greater than in any part of Europe.

"According to the standard in the United States, this ratio in the pure metals is as 15 to 1. In some parts of Europe it is as 16 to 1, which, I believe, is at present the maximum; though, as the coins of no one country in Europe are a legal tender in any other, gold and silver, whether in coins or bullion, become an article of commerce, and their relative value is continually varying, according to circumstances.

"Considering the expense of the importation of gold into the United States, I should think that our Government would be justifiable in adding ten per cent to the present relative value of gold. This would hold out a powerful and effectual motive for the importation of gold into the United States, and, at the same time, act as a powerful barrier against its exportation."†

A report made to the House of Representatives by a special Committee during the same month, January, 1819, discusses the same question at greater length. Those who are interested to follow the matter up will find the report in the volume of *American State Papers*, already cited. Space can only be given to one or two points brought out in the report. The Committee refer to a then recent contract between the Bank of the United States and the Barings for two million dollars specie, to be furnished in equal amounts of gold and silver if practicable. The whole sum was furnished in silver, and not an ounce of gold came to this country. In view of this and other facts—

"As the Committee entertain no doubt that gold is estimated below its fair relative value, in comparison to silver, by the present regulations of the Mint, *and as it can scarcely be considered as having formed a material part of our money circulation for the last twenty-six years*, they have no hesitation in recommending that its valuation shall be raised, so as to make it bear a juster proportion to its price in the commercial world in general."

The Committee considered the proposition of a single standard, but rejected it for reasons which are stated:

* *American State Papers, Finance*, Vol. III, pp. 396, 397.
† *American State Papers, Finance*, Vol. III, p. 396.

"The inconveniences which have been attributed to our present system of coins would, in a great measure, be removed if gold should be made the only legal tender for all debts above a moderate amount. In favor of such a provision it may justly be said, that there has been less variation for some centuries in the value of gold than of silver, and that it would avoid the embarrassments which are inseparable from a mixed circulation of both metals. The balances of payments between different States would be settled with more ease than if our coins were principally silver, and the traveler would be relieved from the loss and imposition which he frequently suffers when he carries with him bank notes, the value of which must vary with the course of trade, because their transmission cannot extinguish a debt, though it may change its form and its parties. But, whatever may be the advantages of a circulation consisting principally of gold, we have been too long accustomed to consider silver as the principal measure of value, to make it prudent, or indeed practicable, to supersede its office. To attempt by a law to prevent the currency, or to decry the value, of a metal which the public consider as the standard of value, would be much more futile than the enterprise of giving legal value to a substance intrinsically destitute of it. There have, indeed, been countries in which the use of silver, in large payments, has been abolished and gold substituted, but it is believed that, in those instances, law has only confirmed the change which has been made by custom."

The recommendations of the Committee (they came to nothing) were, among other things, that the weight of pure silver in a dollar should be reduced to 356.40 grains—a reduction of four per cent.; that the weight of pure gold in an eagle should be reduced to 23.798 grains; and that the legal tender of coins less than half a dollar should be reduced to sums of five dollars. The idea was to establish a heavy seigniorage on the coins in both metals so as to prevent the exportation of either.

In a very long and elaborate paper on the currency communicated to the House of Representatives, February 20, 1820, by William H. Crawford, Secretary of the Treasury, containing, by the way, a great deal of nonsense and false reasoning, the same question of the proper proportion of values of the two metals is discussed, and the opinion is expressed that if the ratio of 1 to 15¾ were established it would result in an importation of gold. Mr. Crawford remarks, incidentally, that the intrinsic value of the American dollar was about one per cent. less than that of the Spanish dollar. He also says: "It is believed that gold, when compared with silver, has been for many years appreciating in value."

A report was made to the House of Representatives, February 2, 1821, by a Committee appointed to consider the coinage laws, in which occurs this paragraph:

"On inquiry, they find that gold coins, both foreign and of the United States, have, in a great measure, disappeared; and, from the best calculation that can be made, there is reason to apprehend they will be wholly banished from circulation. . . . There have been coined at the mint of the United States, nearly $6,000,000 in gold. It is doubtful whether any considerable portion of it can at this time be found in the United States."

The Committee, in proof of the scarcity of gold, remark that in one of the branches of the United States Bank which held $165,000 in gold, and $118,000 in silver coin in January,

1819, the silver reserve had since increased to $700,000, the gold coin was reduced to $1,200, and only $100 of this was American coin. This Committee reported a bill of which nothing was heard after the second reading. Indeed all the elaborate inquiries, some only of which have been mentioned, led to not a line of legislation; and at about this time the agitation of the question died out for a season.

Let us now pass on to the time when the agitation was renewed, which at last resulted in the passage of the Act of 1834. On January 11, 1830, a report on the current coins was made to the Senate. In the course of this report it was declared that of the coins minted in the United States to the end of 1829, amounting to thirty-four millions, "a portion not exceeding fourteen millions of dollars now remains in this country in the form of coins; and this portion consists almost wholly of the coins of silver."* By this Committee the same old story of an undervaluation of gold, and of its effect of driving gold out of the country, was repeated.

A much more important document of this epoch is a report of the Secretary of the Treasury, S. D. Ingham, in answer to a resolution of the Senate of December 29, 1828, which, with accompanying papers and tables, covers nearly 120 pages of the Senate Documents of the first session of the twenty-first Congress. Only the briefest reference to it can be made here. Mr. Ingham gave up altogether the idea that it was possible to maintain both gold and silver in general circulation, and the question to which he chiefly addressed his inquiries was, which of the two metals was to be preferred. He pronounced decidedly for silver. On the question of the double standard he said:

> "Amidst all the embarrassments which have surrounded this subject since the adoption of metallic standards of property, it is remarkable that governments have so tenaciously persevered in the effort to maintain standards of different materials, whose relation it is so difficult to ascertain at any one time, and is so constantly changing; and more especially when a simple and certain remedy is within the reach of all. This remedy is to be found in the establishment of one standard measure of property only. The proposition that there can be but one standard in fact is self-evident."

This point was argued by Mr. Ingham with great force, and it would puzzle the bi-metallists of our day to answer his reasoning or to explain his facts. He was of opinion that the current relative value was 1 to 15.8. He evidently preferred that the ratio should not be changed, but said that if it should be deemed desirable to change the ratio so that both metals should be equally attainable, the new relation should be 1 to 16. This was not very consistent with his own logic, but let that pass. It was his opinion. The limits of space prevent a reference to the very interesting papers by Albert Gallatin, Mr. Moore, Director of the Mint, and Mr. White, Cashier of the Bank of the United States, all of

* Gales & Seaton's Register, Vol. VI, Part 2, p. 86 of the Appendix.

whom concurred in the preference for silver, and all but Mr. Gallatin were in favor of the single standard in that metal.

During the ensuing session of Congress there were reports on the coinage both in the Senate and in the House. That in the Senate, made by Mr. Sanford, of New York, is chiefly remarkable from its containing the first intimation in any printed document from any source, so far as can be ascertained, that it was a constitutional duty to have both gold and silver coins in circulation. But Mr. Sanford did not reason as do our law-makers of this generation. He held that in order to secure the concurrent circulation of the two species of coin "the two metals must bear the same relative value in coins which they bear as bullion," and having ascertained to his own satisfaction that 1 to 15.9 was that relative value, he recommended it, in a bill that was never passed.

The report in the House was made by Mr. Granville P. White, of New York City, and was the first of a series of papers on this subject by the same gentlemen that are so comprehensive, so learned, so clear and forcible, that they might well be reprinted now for general circulation. Mr. White was a convinced mono-metallist and a[n] adherent of the silver standard. He saw "inherent and incurable defects in the system which regulates the standard of value in both gold and silver," and believing that the ratio of 1 to 15.9, proposed by the Senate bill, would endanger the silver standard, his Committee reported that 1 to 15.625 was the highest point to which the ratio could be raised with safety. Mr. White subsequently persuaded himself that the ratio of 1 to 16 was not too high, and himself proposed and urged the bill establishing that ratio in 1834.

By no means all of the documents bearing on this question of the coinage have been cited, but enough has been said to show both the currency situation and the purposes of those who urged a change in the mint relations of the two metals. There was no gold in the country. The small amounts coined were immediately sent out of the country. Those who wished to introduce a gold coinage into general circulation, and those who preferred that the silver standard should still prevail, were in favor of some change; the former for an obvious reason, the latter because the coinage of gold, under the then existing relations of the two metals, was an idle waste of money. The cost of running the mint on gold coins was so much money thrown away.

Let us try to define the views that guided members of the Senate and the House in their action on this question. There were, first, the adherents of the silver standard, who were willing and desirous that the undervaluation of gold should be corrected. They were opposed to an error in the opposite direction. In the debates in both branches it was pointed out that the ratio of 1 to 16 would undervalue

silver, or rather, as silver was the actual standard, would overvalue gold. This idea was pressed after the defection of Mr. White, of New York. An amendment was proposed in the House by Mr. Dudley Selden, of New York, intended to establish the ratio of 1 to 15⅝, making the gold eagle weigh 264 grains, $\frac{9}{10}$ fine. At the end of the debate this was rejected by 52 to 127. Then Mr. Gorham, of Massachusetts, proposed a gold eagle of 234 grains of fine, and 260 grains of standard gold, which would have established the ratio of 1 to 15.86. This, too, was rejected by 69 to 112, and the bill was passed by 145 to 36.

The victorious party, on the other hand, were resolved upon having a gold coinage at all hazards. Many of them, Southern members, were actuated by a wish to "protect" the product of the Carolina mines, then coming prominently into notice, but this was not the motive of all. The management of the House bill was in the hands of Mr. Webster, in the Senate. From the scattered hints in the very meagre reports of the debate, it seems that he and others believed that the ratio of 1 to 16 would express the true relative value; and they persisted in this belief after the arguments of other senators who maintained that the bill would only do to silver what the existing law had done to gold. There is, however, reason to believe that the majority was chiefly composed of men bent upon securing a gold currency, no matter what might be the effect upon silver. This will appear to all who will refer to Benton's account of the change in the coinage system in his *Thirty Years' View*. If their law should still permit the circulation of silver, well and good; but they were resolved upon having a ratio that would bring back gold. These men were strong enough to carry their point, and did not need the additional votes of those senators and members who believed the 1 to 16 ratio would secure the circulation of both metals. Combined, the two sections of the supporters of the bill were in an overwhelming majority of four to one in the House, and of five to one in the Senate.

We shall see hereafter what was the consequence of the Act of 1834, but let us here pause and notice one or two points that seem not to have been discussed at all, in or out of Congress, in their bearing upon our recent situation. In 1834, as in 1878, one of the two metals was demonetized, in the former case by natural causes, arising out of an inadvertent mistake in the first coinage act, that of 1792; in the latter by law. In both cases it was a question of restoring the disused metal to the currency. In 1834 the ruling price of gold was between 15.8 and 15.9 times that of silver, according to the closest calculations of those persons who studied the question most carefully. As we have seen, the minority in the House were willing to compromise on a ratio of 1 to 15.86. If that

was the true ratio the rate of 1 to 16 only overvalued gold by eight mills on the dollar, and it appeared to be the universal opinion that a difference of one per cent. might be maintained consistently with the circulation of both gold and silver coins. There was therefore nothing in the Act, so far as members could see, that was inconsistent with the principle of honest money. Some members held that 1 to 16 was the actual ratio in the bullion market. The silver standard prevailed exclusively. Leaving out of the account the few persons who hoped to see it maintained, the rest of Congress was divided between members who wished to establish the actual bullion ratio and so make the double standard effective, and others who, professing the same views, meant that the error should favor gold if either metal; but nobody proposing or suggesting a profit to debtors as one of the objects to be aimed at. In 1878 we have deliberately rejected the principle of the fathers that the bullion rate should be the legal rate, and have made as a standard a coin that was directly driven out of circulation by the Act of 1834, for the express and avowed purpose of favoring debtors, not one in fifty of whom can remember the time when silver was practically one of the two standards.

Another point, and the last to be mentioned now, is that the Act of 1834 was, and was intended to be, a distinct rejection of the single silver standard, to which we have this year returned. From 1792, down to the passage of that Act, every writer on the coinage had mentioned the fact that there was no gold in circulation. Every one of them had equally expressed the conviction that the absence of gold was due to its undervaluation. How much was it undervalued? Never more than three per cent. It is notorious that the rate of 1 to 16, established in 1834, was an error on the other side. But taking it as the true ratio for that year, gold was only at a premium of 6⅔ per cent., or a silver dollar was worth 93.77 cents. So that we have attempted, by our Act of 1878, to bridge a wider chasm than that which had yawned before the fathers as an impassable gulf for forty-two years. They were wise enough to recognize the fact that it could not be spanned by standing and watching and wishing. Profiting nothing by their experience, we have resolved upon the performance of a miracle, and have invited the world to behold.

EDWARD STANWOOD.

THE THEORY OF A CENTRAL RESERVE FOR BANKS OF CIRCULATION AND DEPOSIT.

To the Editor of the Banker's Magazine:

The London *Economist*, in commenting upon my article, in the February number of the BANKER'S MAGAZINE, on "The Way to Specie Payment and How it can be Maintained," interprets what I said about a central reserve as if it applied to the total reserve of the banks, and expresses some doubts whether a system of central reserve would answer for this country. At first I was surprised that such a construction should have been put upon it, but on looking over my article I found that perhaps this interpretation was natural, unless full weight was given to that which followed.

I am so fully convinced that governmental supervision of the banks, so far as they are banks of deposits, is not only of no value, but that the tendency is harmful, that I did not take care to point out that the central reserve which I advocated was for the circulating notes only. I do not consider that a central reserve for deposits is at all practicable for this country, or any other, except where there is one great bank, and all others are merely branches of it. If I understand the English banking system, I should hardly call it one with a central reserve, though it is generally so considered.

Such a system necessarily implies that there are a number of banks joined together for a common purpose, with interests the same, and a desire for mutual assistance and protection. That the English system is such an one I had not supposed. I take it that it does not suggest this idea to any one. At this distance English banking seems to me to be merely one great bank which keeps a reserve on hand at all times, while all the other banks ignore sound rules of banking, keep little or no reserve, and leave themselves at the mercy of the Bank of England, which keeps the only reserve, and at the same time does not acknowledge any obligation to provide for, or be in any way responsible to the people of England for such an amount of specie as will be needed in a prolonged drain, or a panic by the banks that depend upon it. The Bank of England is the same as any other bank, except that it issues notes through the note department, and is obliged to keep the gold with which to redeem the notes. In the banking department it need provide only such a reserve as will be sufficient to meet all demands of its depositors. The fact that all the other banks depend upon the Bank of England does not in the least degree change the position. It has to consider only its own liabilities and be

prepared to meet them. Of course it must pay on demand all that may be to the credit of these other banks, but here the liability of the Bank of England ends, and the joint-stock banks must take care of themselves, for I cannot see that the Bank of England is under any obligation to provide for the safety of institutions that make no provisions for their own protection.

Undoubtedly the other banks keep a considerable amount with the Bank of England, which they can demand, and draw out at a moment's notice, and this fact is an element of weakness to the Bank of England, and the fact that all rests upon this one bank is one full of danger to other banks. One may be pardoned for entertaining the opinion that England has outgrown her banking system, and that there is danger ahead unless a radical change be made in it.

If all the banks issued notes, then I think a central reserve and a system of redemption would be a necessity so far as the circulating note is concerned, but each bank should keep in its own vault a reserve for its deposits; especially is this true of all banks in the large cities. That England needs a central reserve one may fairly doubt, and may also entertain some question whether she has a central reserve that can reasonably be entitled to the name.

The plan which I proposed is not at all like the English system. The National banking system is one composed of many banks, each issuing notes which have a general circulation. These notes are now under the control of a system of redemption that has worked well so far as regards the exchanging of notes and returning to each bank the notes it issues. Removal of the agency to New York would not change its character, it would be only the transfer of the Bureau of Redemption to the financial center of the country, thereby rendering it more effective in its operations.

The reserve which I suggested would be a general reserve for the redemption of the bank notes only, and while it would of itself be a considerable reserve, ample perhaps for the redemption of the notes, it would not need to be so large as the total reserve of the banks must be, if each bank held its own for this purpose. I consider that whenever a drain of specie sets in, it will be felt through the bank notes, and that with a central reserve the pressure will be spread over a large surface and thereby render the demand less sharp at any given point; that as the circulation is a privilege which all the banks enjoy in common, each bank should be made to bear its share of the burden, and thus place the bank note where it will at all times, and in any amount, be convertible into specie. The steadying influence of such a system suggests a very forcible argument against any form of government note, but it would not come within the scope of my purpose in this letter.

So far as I advocated legislation, it was in regard to the circulating note. I contend that the supervision of the banks, so far as they are banks of deposits, is no part of the duty of the government; that with proper legislation and supervision of the bank note, all interference of the government should end. This certainly does not imply that the banks are not to keep a reserve against the deposits. The banker who would attempt to dispense with the reserve on deposits, or trust the whole of it in any one's hands except his own, certainly would not be wise, and unquestionably would, sooner or later, have to pay the penalty for neglecting what is so obviously a sound rule in banking. It did not require any legislation to lead the New York banks to adopt the twenty-five-per-cent. rule. Safety and self-interest proved a sufficient force for this purpose, and I doubt not that the same influence would lead to the keeping of a still larger reserve if future experience shows it to be necessary. In saying this I am not unmindful of the history of banking in this country, but we have learned much, and I believe we have intelligence enough to profit by experience. Taking the last report of the Comptroller of the Currency as the basis of my figures, the plan which I suggested would show the following results:

Ten per cent. on $291,000,000 of circulating notes.............	$29,000,000
Twenty-five per cent. reserve on the deposits in reserve cities..	121,000,000
Ten per cent. on deposits of all other banks..................	30,000,000
	$180,000,000

It will be seen that this plan is a respectable one, and would give the banks a large reserve under the system of a central reserve for the circulating notes, and a local reserve for deposits. The term "reserve cities" may need a word of explanation. All the banks not in the large cities keep part of their unemployed funds with the banks in the cities that are financial centers, for purposes of exchange, and so far as the country banks are concerned this is part of their reserve and can be used to meet their obligations. This makes it necessary for the banks in the financial centers to keep a larger reserve than would otherwise be necessary. In this respect the banks in the large cities bear to the others the same relation that the Bank of England does to the other banks of England. I am not prepared to say that the above reserve would be large enough, and if experience should determine that it should be enlarged, I would favor any alteration that would put the banking interests of the country in a safe and sound condition.

GEO. A. BUTLER.

NEW HAVEN, CONN., April 3, 1878.

GOLD FOR COMMERCIAL NATIONS.

During the recent debate in this country upon the vexed question of the metallic money standards, now irrevocably settled by the legislation of February 28, 1878, there was an intensity of passion on both sides, far exceeding that which preceded and caused the late civil war. The interests which were in collision were of immeasurably greater gravity than any which were involved in the controversy which culminated in 1861. While "the battle of the standards" was in progress and still undetermined, it was natural that only what may be called the rough and ready points of the debate attracted general attention. The public mind was in no condition to consider the more remote and abstruse aspects and bearings of the question. The present and urgent object of both parties was to secure popular support, and there was little value for the time being in views and arguments not directly calculated to secure such support. But now that the question has been settled, as a practical one, it is more easy to invite discussion of it as a scientific one.

The idea of an adoption by what are called the commercial nations, ordinarily understood as Western Europe and the United States, of a single standard, and of the same metal in all of them, originated about twenty-five years ago, in the first period of the discoveries in California and Australia, when their out-turn of gold was really at its maximum, as subsequent experience has shown, but when, great as it then was, it was expected to increase very largely and for an indefinite period of time. The evil then supposed to be threatening was a depreciation of the world's money standard, from the over-production of one of the metals. The demonetization of one of the metals was then proposed, not to subvert the world's standard by contracting it, but to preserve it from subversion in the other direction from the depreciating effects of the California and Australian mines. No one, whose memory goes back to that period, will doubt that views of this kind were sincerely and widely entertained, and they were certainly more or less justified by the then current accounts from the theatres of metallic production.

But during the past fifteen years, the aggregate production of the precious metals has been stationary, or declining, and apprehensions of a depreciation of metallic money have had no basis of fact, or probability, and have not really been entertained. Intelligent supporters of a single standard of gold for the commercial nations, have advocated it upon quite different grounds from that. Instead

of advising the general demonetization of silver by the commercial nations, as necessary in order to prevent a depreciation of the world's metallic standard, they have insisted that it would have no effect in either direction upon that standard, or upon the prices of labor and commodities, as measured, fixed and controlled by that standard. Recognizing the principle, that the combined mass of the two metals is the measure of the metallic value, or price of things among mankind, they have admitted without reserve and without qualification the truth of the worst predictions of the disaster and ruin which would follow the striking down of the monetary function of either metal in the world. But they have denied that silver would cease to be money, in the sense in which it now constitutes a part of the universal measure of value, merely because the commercial nations might discard it. On the contrary, they have maintained that, for a period indefinitely long, and until the occurrence of changes not now possible to be foreseen, silver would be maintained as money, by its use as such among the vast populations of Asia, South America, Africa and the Eastern portion of Europe. And in this connection they have insisted upon the view, that it can make no difference, so far as the general range of metallic prices is concerned, whether the double standard is used in all countries, or whether gold is used exclusively in one class of countries and silver exclusively in the other.

It must be admitted at once, that the advocates of the adoption of a single gold standard by the commercial nations may fairly deny that that policy threatens any such overwhelming catastrophe as would follow the entire striking down of silver, as one of the moneys of the world. And it must also be admitted that a range of metallic prices existing when the whole world was under the double standard, would remain unaffected, if a part of the world went to a gold standard and another part to a silver standard, provided always that the quantity of gold money bore the same proportion to the quantity of silver money, as that between the money-absorbing power of the part of the world adopting gold, and the money-absorbing power of the part of the world adopting silver. But it seems clear, that if the quantities of gold and silver money be assumed to be equal, a part of the world employing more than one-half of the whole stock of metallic money could not go to a gold standard without submitting to a shrinkage of its general prices.

But the actual case to be dealt with, when Germany inaugurated the gold movement in 1871, was not that of the practical existence of the double standard throughout the world. If that had been the case, the difficulty of establishing a gold standard in the commercial countries

would have been most materially diminished, because the monetary circulation of the non-commercial nations would have been a reservoir, not perhaps fully adequate, but most important, from which more or less of the needed new gold could have been drawn. The Asiatic and other non-commercial countries, although ready enough to absorb all the silver thrown upon them, and able enough with a corresponding augmentation of prices to absorb any conceivable quantity of silver, had substantially no gold money to part with. The movement of the Western World towards a single gold standard, was nothing more or less than a giving up of its silver, when there was no stock of gold anywhere to supply its place. And it was an enormous aggravation of the mischief of the movement, that it was made, not when the current production of gold was so large as to be causing an appreciation of prices, but when it had so seriously and persistently declined, that prices were already perceptibly falling even before the use of silver was commenced to be abandoned. When Great Britain went to a gold standard in 1821, it had the double standard circulation of Continental Europe and of the United States to draw gold from. But there were no double standard countries to furnish gold for the attempt of 1871 to establish a single gold standard in the Western World. The only possible aids to be hoped for from the non-commercial countries were the two following:

1. The negative aid of not going themselves to a gold standard, but of remaining on the silver standard, whereby the catastrophe was made less sudden and overwhelming.

2. That degree, greater or less, of positive aid, arising from the circumstance that as gold became scarcer and dearer relatively to silver from the new policy of the Western World, the Asiatic and other non-commercial countries would be likely to absorb less gold in jewelry and plate.

During the first twenty-five years of the working of the great mines of California and Australia, never equalled before in the world's history, there was gold enough to admit of the maintenance of a single gold standard by only one considerable country, Great Britain. Taking these twenty-five years together, there was no important advance in the prices of that country, measured in gold, although its supply of that metal from the mines was materially supplemented by the gold of the United States, Italy, Austria, and Russia which suspended specie payments during the same period. The movement to a gold standard of another considerable country, Germany, not yet fully completed, has been attended with a competition and struggle for gold, severe at every stage of its progress and intensifying as the end is approached. The resulting commercial stagnation and

industrial depression of the last five years are all summed up in falling prices, of which there can be over considerable terms of time no other possible cause than a diminution of money relatively to other things, since it is only in that relation that prices consist. With this experiencc of the effect of the German movement towards a gold standard, it is quite certain that the threatened movement in the same direction of other commercial nations will be abandoned, as it already has been by this country. It is obvious that the general and simultaneous adoption by those nations of a gold standard, with no stocks of gold elsewhere to draw from, is a sheer impossibility, unless the current production of gold is vastly increased. It was first proposed as a policy, when the gold production was much greater than it is now. It has happened in this case, as it has many cases, that a policy has been persevered in long after the justifying or inducing reason for it has ceased to exist.

GEO. M. WESTON.

THE PROBLEM OF RESUMPTION RE-EXAMINED, APRIL, 1878.

BY A. J. WARNER.

"In adopting a paper circulation we must unavoidably depend for a maintenance of its due value upon the adoption of a strict and judicious rule for the regulation of its amount. Upon such maintenance of its value depends the price of all commodities; the relative situation of the debtor and creditor classes of the community."—*Lord Overstone.*

THE SECRETARY ON RESUMPTION.

The problem of resumption may be summed up in these two questions:

First—How large a volume of currency, if left to the regulation of the laws governing the distribution of metallic money—as it would be if made up of coin and convertible paper—would now circulate in the United States?

Second—When made convertible, or in other words, when left to the free operation of choice, what part of this volume would be paper and what part coin?

With correct answers to these two questions, the true theoretical solution of the problem will have been reached, and the practical solution will consist in carrying the requirements into effect.

For that part of the money volume which, under the free operation of choice, would be coin, coin must be provided and actually paid out in exchange for paper, and the paper retired, before resumption, in fact, will have been accomplished. The elimination of the premium on coin equalizes

paper and metallic money, but is not resumption. The difference is very wide. A paper currency may be kept at par with metallic money *by limitation of volume alone.* But to keep it at par by *convertibility* involves quite different principles.

What volume of currency, then, if convertible and left to the government of the "law of equilibrium by which the precious metals are distributed," would now circulate in the United States?

The total volume in 1861, including coin in circulation, coin reserves in bank, and bank notes, was $487,000,000. Of this $202,000,000 consisted of bank notes, and the rest of coin and bullion. The increase in population since 1861 has been about forty-five per cent.; the increase in national wealth and national incomes, at least up to 1874, was at a much higher rate. The increase of the precious metals since 1861 has been, for the world, about $2,600,000,000. The coin equivalent of inconvertible paper issued by different States must amount nearly, if not quite, to $2,000,000,000. These accessions to the currency of the world, it is clear, have been in a ratio considerably greater than that of the increase of population.

If due allowance, then, be made for the combined influence of increased population and wealth, and the accessions to the currency of the world, since 1861, the increase in the circulation for 1878, over that of 1861, could not be counted, on rational premises, at less than fifty per cent. This would give $730,000,000, inclusive of circulation and reserves, as an equivalent volume for 1878.

The Secretary now makes the actual volume of paper outstanding (after deducting bank notes for the redemption of which greenbacks are held in the Treasury), only $648,000,000, to which, if $50,000,000 be added to cover subsidiary silver and fractional currency, we have but $698,000,000 as the total circulation, which is not only less *per capita* than the volume for 1861, but, when compared with the accumulated wealth and the increased currency of the world, is, for 1878, relatively, much under that of 1861.

Again, gold is but a little more than one per cent. above paper, while silver bullion, in the ratio of sixteen to one, is three to four per cent. *below* paper. Thus the average of premium and discount, on the two metals, is in favor of paper. This is proof of the most positive kind that our present volume of currency is deficient rather than redundant, as compared with bi-metallic money, and, with free coinage of silver and the restriction of paper to the present volume, coin, sufficient to restore the equilibrium, would flow into the country. The whole currency—taking $730,000,000 as our distributive share of the money of the world—would then stand, paper, $648,000,000, subsidiary coin and fractional currency, say $50,000,000, full coin or bullion $32,000,000. The

full coin part would at first, of course, principally be taken into the reserves, and this part, too, would increase as the needs for more currency increased.

If then, it be assumed that somewhere from seven hundred to seven hundred and fifty millions of convertible currency would fill, and no more than fill, the channels of circulation in the United States to the level of metallic money, we come to the second question, namely: how large a part of this volume, under the free operation of the choice of the whole people, would be paper and how large a part coin?

This is the all important question, to ignore or miscalculate which may lead to the most serious consequences. It is not a thing that can be triflingly experimented on.

The Secretary seems to think if he is permitted to re-issue greenbacks to the amount of $300,000,000, a smaller amount of coin will suffice to maintain resumption, even though bank notes, meantime, should be increased, as greenbacks are reduced down to $300,000,000; and apparently assumes that with one hundred and twenty or one hundred and thirty millions of coin in the Treasury, the convertibility of the whole volume of paper outstanding January, 1879—which upon his own showing would not be less than $625,000,000 — can be securely maintained. That is to say, when left to the free operation of choice to determine, not more than twenty per cent. of the whole volume of paper then existing, would be presented for coin.

By comparing again with 1861, *when the banks suspended specie payments*, this $625,000,000 of paper is an increase over $202,000,000 of bank notes then outstanding, *of over three hundred per cent.* with, at the same time, an actual diminution of coin in the country, as compared with 1861—even if the Secretary succeeds in making all the accumulation he calculates upon—of from ten to fifteen per cent.! That is, when divested of all coloring, the Secretary proposes to resume, with 300 per cent. *more paper*, and ten or fifteen per cent. less coin, *absolutely*, in the country, and nearly seventy per cent. less, *relatively to paper*, than there was when the banks suspended in 1861! Or to state the case in another form: In 1861, the relative proportion of metallic money and paper in the country, was 58½ per cent. coin and bullion, and 41½ per cent. paper.

Allowing that the Secretary and the banks will have succeeded in accumulating, by January 1st, 1879, $140,000,000 in coin and bullion, and that by that time there will be a hundred and twenty millions more in the country, and allowing also that paper will have been contracted down to a total of $625,000,000, still the proportion of coin to paper will stand, about thirty per cent. of the whole, coin, and seventy per cent. paper.

Putting these figures side by side the showing is:

	Coin in the Country.	Bank Notes.	Per cent. of Paper.	Per cent. of Coin in the Country.
In 1861, when suspension took place..	$285,000,000	. $202,000,000	. 41½	. 58½
		Greenbacks and Bank Notes.		
In 1879, when it is proposed to resume	260,000,000	. $625,000,000	. 70	. 30

Comparing in the same way bank reserves in 1861, with the reserves it is proposed to have on hand January, 1879, the figures are:

	Total Coin Reserves in Banks.	Total Note Issues subject to Redemption	Coin Reserves per cent. of the whole.	B'k Notes per cent. of the whole.
In 1861, when suspension took place..	$87,000,000	. $202,000,000	. 30	. 70
In 1879, when it is proposed to resume	140,000,000	. 625,000,000	. 18½	. 81½

That is for every dollar of bank notes in 1861, *when specie payment was suspended*, there was in the country $1.41 in coin. But the Secretary proposes to *resume specie payment*, by the Treasury and the banks, with but forty-three cents in coin in the country to a dollar of paper!

In 1861, for every dollar in notes outstanding the banks held, as coin reserve — taking the average — forty-three cents. The Secretary proposes to resume with a reserve of less than twenty cents to the dollar, for the Treasury and banks together. The showing would be but little better if comparison were made with 1857, another period of suspension, and much less favorable if compared with 1858 or 1859, when the proportion of coin was considerably larger.

And having proclaimed resumption on this narrow basis, the Secretary proposes to maintain the position by a continued favorable balance of trade to be kept up under all circumstances, and in the face of an indebtedness abroad requiring the exportations of a hundred millions, either in commodities or the precious metals, to pay annual interest. This is a most dangerous undertaking. It is one no Finance Minister has a right to make in the face of the world's experience without the most conclusive reasons for making it. These reasons, it is unnecessary to add, have not been given.

It is, to say the least, disingenuous to claim that banks must take care of themselves. This, doubtless, they will do. But it is as certain as sunlight that their chief reliance for coin will be on the Treasury, through the instrumentality of greenbacks, and if greenbacks are re-issued no better instrumentality for obtaining coin could be desired.

The question the Treasurer must consider and prepare to meet is no other than this; what proportion of the whole currency of the country, when made convertible, will be coin and what proportion paper? and prepare to supply the coin and retire the paper. In fact the paper will retire itself. It is impossible that both coin and convertible paper can exceed, for any length of time, the limits to which a purely metallic currency would conform.

If twenty per cent. of the whole currency is as large a proportion of coin as will be demanded, then undeniably resumption may take place as the Seeretary proposes. But against this stands the stubborn fact that no other country maintains more than twenty-five to thirty per cent. of its circulation in convertible paper; seventy per cent. or more being coin. Before 1861, bank notes never, I believe, reached, or at any rate much exceeded, forty-five per cent. of the whole currency — circulation and reserves — without forcing suspension and precipitating panic. Fifty per cent. of $730,000,000 — assuming that this volume would be no more than a full circulation for us, with bi-metallic money for the world — would give $365,000,000 to be kept in convertible paper, which would be an increase of eighty per cent. over the volume of paper in 1861, while the increase in the total volume would be but fifty per cent.

Suppose, however, we make the liberal allowance of $400,000,000 for the paper to $330,000,000 of coin and bullion. That would leave still $225,000,000 of paper to be retired *after* January, 1879, and $225,000,000 of coin, less subsidiary coin already out, to be provided practically by the Government.

It can avail nothing to say that greenbacks are to be re-issued, if by so doing the total volume is made to exceed that to which a convertible currency must conform. Convertible paper *in excess* of that proportion of the whole volume which choice will determine shall be paper will not *stay out*. It will return upon its issuer, unless its circulation is enforced by virtue of being legal tender. This fact has been asserted over and over again by all schools of economists, and attested by the constant experience of every country using a convertible currency.

Hence the necessary consequence of resumption must be the retirement of all issues of paper in excess of that amount, which, together with the coin in circulation with it, will make up our distributive share of the currency of the world, and which, if experience counts for anything, cannot be more than $350,000,000 or $400,000,000. It is quite as certain, too, as the Resumption Act stands, that the paper retired will be *the greenbacks*. Resumption means, as Secretary Bristow said, "the removal of greenbacks from the currency of the country."

It can not be too often repeated, then, that resumption will have been accomplished when coin has been actually paid out in exchange for paper, to the full extent it may be demanded, and the paper retired, and not till then. And to expect much more than fifty per cent. of the whole volume of a convertible currency that, under self regulation, would fall to us will be paper, is to ignore both reason and experience.

The foregoing calculations, it should be borne in mind, are based upon the full re-establishment of bi-metallism, which, however, the Silver Bill as finally passed, by no means effects or secures. Silver coined under that Act should be treated rather as so much added to the effective volume of gold, than as the addition of silver as a money metal to that of gold. Not until all restrictions over the coinage of silver are removed, and silver is made a money metal like gold, will the metallic basis for resumption be certain.

In either case, however, instead of vehemently urging the country on to the fatal goal of resumption on so narrow a basis of coin, the Secretary would be doing himself far more credit and the country infinitely better service, to stop with the equalization of paper and coin, discontinue the destruction of greenbacks and ask the prohibition of further issues of bank notes, unless made redeemable in coin, and, with free coinage of both metals, let coin come in to make up such deficiency in volume as in the course of trade may exist.

No one, of course, denies that the Secretary can *initiate* resumption, January next. Indeed he can do that at once, and, really, if resumption is to be undertaken on the mere faith that coin will not be wanted when it can be had, why is it necessary to wait for the accumulation of a reserve of $140,000,000? Why not begin with $71,000,000 and have the "agony" over (if it will be over) so much the sooner?

If specie payments can be maintained, starting with eighteen or twenty per cent. in coin reserves, why not starting with twelve per cent?

If experience is to be ignored and faith that the people will not want coin when they can get it, is alone to be relied upon, it is difficult to comprehend why resumption might not as well be declared now as next October or next January.

By which are we to be guided, science and experience or untried faith?

It is not to be understood, however, that those who oppose the measure deny that resumption can be accomplished by *any* process. But it cannot be done by mere artful maneuvering. With the restriction on the coinage of silver removed, it can doubtless be done by increasing the interest-bearing debt and selling bonds, for either coin or paper, at the best rate that can be obtained, and retiring the paper down to $400,000,000, or to the limits to which a convertible volume would naturally conform. Any certain process, it is plain enough, necessarily involves still more contraction of paper, and, temporarily, of the whole money volume, with a corresponding further alteration in the value of money, and, of course, along with it, of all other values.

Paper can undoubtedly be bought with bonds at some rate, and it can be destroyed. Coin will come in to take its place

after the vacuum has been made, but not before. This would be considered, perhaps, an amputation process, but, nevertheless, in many respects it might be less hurtful, or less destructive than the slower, strangulating plan of waiting on the accumulation of coin. The paper must be retired in the end, in either case. This process, moreover, could as well be put into execution now as next January.

Falling, as it will, now or then, upon the country after an extreme exhaustion caused by four years of paralyzed business, and after values have been already reduced to the verge of ruin for debtors, it can not otherwise than bring with it a final deluge of failures and bankruptcies; but no worse now, perhaps not as bad as it would be if postponed till January next.

Having passed such a financial cataclysm we should then be ready, with 2,080 independent issuing banks, and more to follow, to enter upon another of Lord Overstone's cycles of "quiescence,—improvement,—growing confidence,—prosperity,—excitement,—overtrading,—convulsion,—pressure,—stagnation,—distress,—ending again in quiesence."

If the object of financial legislation be to paralyze the industries of a country, stop the growth of national wealth and pauperize the people, the *enforcement* of the Resumption Act, either way, is all sufficient for its accomplishment.

But if the promotion of industry, the increase of wealth, the general welfare of the people be the object, then the Resumption Act should be forthwith repealed.

By the limitation of paper to the present volume, as has been shown, it will be on a level with bi-metallic money, and will stand there, and coin will flow in to keep up the equilibrium of general prices. The alteration in the value of money by legislation, which has been the sole cause of our distress, would then be ended. With the removal of the cause the wrong would cease.

This relief, this one blessing, this one act of justice, is what the country now craves. Let it be granted, and henceforth ALTER NOT THE VALUE OF MONEY.

In nothing else is human welfare more involved.

The further explanations of the Secretary before the Committee of the House on Banking and Currency, made since the above was written, call, in the opinion of the writer, for no change of views. The Secretary is now positive in his opinion that greenbacks may be re-issued after redemption, and thinks at least $600,000,000 of convertible paper can be maintained in circulation. The proposition is also now before the Senate Finance Committee to retain the entire volume of paper now cutstanding, but to proceed, nevertheless, with resumption. Suppose $700,000,000 to be the volume of metallic money that would now circulate in the United

States, if there were no other currency, but that Congress should decide to have eight hundred millions, and should authorize the Secretary of the Treasury to sell bonds and buy a hundred millions more of coin and pay it out from the Treasury. What would be the effect? Would not the surplus as certainly flow away as that a vessel already full will overflow if more fluid were added? In like manner, if instead of coin the channels of circulation are filled with paper, and coin is bought and paid out in addition, one of two things must certainly take place; either the coin will displace the paper, to the extent the people may prefer coin to paper, or if the paper is kept out per force of being legal tender, then the coin will flow from us as it did in 1862 when legal tenders were first issued, and convertibility will fail. This proposition is too self-evident to require elucidation. The choice between coin and paper will not be exercised by every body in a day, nor once for all, but will go on in all the varying transactions of the country through months, or it may be years, until a stable equilibrium in the choice between paper and coin is reached. It was so in England after the initiation of resumption in 1820. Over £20,000,000 in gold was imported and more than that amount of paper retired from 1820 to 1823.

It is not enough for the Secretary to compare merely the proportions of reserve to liabilities in treasuries and monied institutions; he must take into account as well the state of circulation. It is of the utmost importance to know whether or not there is already in circulation as much coin as people ordinarily elect to have. The accomplishment of resumption can consist in nothing short of providing coin and actually substituting it for paper to the extent it may be preferred, and retiring the paper down to that limit, and on what principle $650,000,000 or more of our whole currency is to be kept in the form of *convertible* paper has not been made to appear.

Responsibility of National Bank Stockholders.—Judge Shipman, of the United States Court at Hartford, Ct., has decided for the plaintiff in several cases brought against Connecticut stockholders by the receiver of the Ocean National Bank of New York, under the section of the National Banking Act, which makes the holders of stock liable for double the amount of their shares. There were forty holders of this stock in Connecticut, and the greater part paid the assessment demanded by the receiver. Eleven suits were entered, most of these being against administrators or executors who had in several instances closed the estates and had no property in their possession. The most important case was against the administrator of the estate of H. H. Weed, of Fairfield county, which held 514 shares, and the opinion of the Judge on this one, finding against the defendant, covers substantially the points in all the cases. Two cases are yet undecided, one of these being against a church which held stock as part of a trust fund.

THE HISTORY AND CHEMISTRY OF WRITING INKS AND THE PERMANENT CHARACTER OF ANCIENT AND MODERN DOCUMENTS.

BY JOHN UNDERWOOD, F.S.A., ENG., PRACTICAL CHEMIST.

[The fraudulent alteration of checks and other instruments of writing confronts, as an ever-present danger, all who deal in them. It therefore seems important that the banking community should be informed as to the nature of the materials which they daily use, inasmuch as the character of those materials may facilitate or hinder frauds of the greatest boldness and magnitude. To this end, Professor UNDERWOOD has prepared, at our request, the following paper. The historical data which he also presents give additional interest to the subject. ED. B. M.]

It is a fact which is somewhat humiliating that, with all the knowledge of the present day, we have yet much to learn from our ancestors of centuries back, and in few things is this more true than as regards the permanency of our written documents.

Previous to the invention of printing, when all the business of the world was carried on in writing, and its literature and science were deposited in manuscript, the manufacture of a black and durable ink was recognized as being of the first importance. That we have seriously retrograded in this, as well as in some other branches of the arts, cannot be denied. In proof of which we have only to refer to the old manuscripts, when we find that those prior to the tenth century, notwithstanding their greater age, are in a far better state of preservation than those written later; for while the writing in the former is always perfect, and, in many cases, as black as if it had just been written, that in the latter is often entirely illegible.

The causes for this disparity arise partly from the spirit of competition, so rife in the present day, which has led to the use of inferior and highly bleached materials to write upon, and of cheap and inferior inks to write with. Furthermore, the rapidity with which it is thought neccessary to carry on all business transactions, does not allow time for the use of the comparatively thick ink of ancient times. Yet when we think of the enormous amount of property that depends, for its proper transmission, upon the permanency and durability of the ink used in the preparation of title-deeds, wills, &c., it is plain that no reasonable expense of time or money ought to weigh with us in so preparing such instruments that they shall be unalterable, either by age or by the skilled arts of those who may desire fraudulently to tamper with them.

Many experiments have been made with a view to discover the composition of the ink of the ancients, and the results arrived at from analysis are comparatively opposed to each other.

The first chemist who devoted his attention to such analysis was Dr. Lewis, who has left us an article upon this subject full of valuable research, in the "Philosophical Commerce of Arts," published in 1763. From this analysis he comes to the conclusion that the inks of the ancients consisted entirely of fine lamp black or charcoal, held in suspension by some mucilaginous fluid; which opinion was afterwards supported by the experiments of Mr. Thomas Astle, author of a work *On the Origin and Progress of Writing*, published about the year 1780. But this view does not at all accord with the results of experiments made by Sir Charles Blagden, which were embodied in a paper read before the Royal Society of England, in 1787. This gentleman states that he had been led to inquiry on this subject by his friend, Thomas Astle, who supplied him with several manuscripts, dated from the ninth to the fifteenth century inclusive, some of which were still very black, while others varied from pale yellow to different shades of dark yellowish brown. All the documents he experimented upon, with one exception, yielded the same result, showing that the ink in these manuscripts was to some extent of the same nature as that generally in use at the present time.

The letters turned to a reddish or yellowish brown on the application of alkalies; were rendered pale, and at length obliterated, by the dilute mineral acids, and the drop of acid liquor which had extracted a letter changed to a dark blue or green on the addition of a solution of prussiate of potass; moreover, the letters were changed to a deeper tinge by the infusion of galls. Hence he asserts that evidently one of the ingredients employed was iron, which there was no reason to doubt was joined with vitriolic acid; while the color of the more perfect manuscripts, which in some was a deep black and in others a purplish black, together with the restitution of that color, in those which had lost it, by the infusion of galls, sufficiently proves that another of the ingredients was an astringent matter.

No trace of a black pigment of any sort was discovered, the drop of acid which had completely extracted a letter appearing of an uniform pale ferruginous color, without an atom of black powder or other extraneous matter appearing in it.

One of the specimens sent to him by Mr. Astle proved very different from the rest. It was said to be a manuscript of the fifteenth century, and the letters were those of a full engrossing hand, angular, without any fine strokes, broad, and very black, on which none of the above re-agents pro-

duced any considerable effect; most of them seemed rather to make the letters blacker, probably by cleaning the surface, and the acid, after being rubbed strongly on the letters, did not strike any deeper tinge on testing with the prussiate of potass.

Nothing had any sensible effect, he found, toward obliterating these letters, except what also took off part of the surface of the vellum, when small rolls, as of a dirty matter, were to be perceived. It is therefore, unquestionable, he continues to say, that no iron was used in this ink, and, from its resistance to the chemical solvents, as well as a certain dotted appearance in the letters when examined closely, and, in some places, a slight degree of gloss, there was little doubt, in his opinion, that they were formed with a composition of black, sooty, or carbonaceous powder and oil, probably something like our printers' ink; and, from these results, he was led to suspect that these marks were actually printed. It is said that a subsequent examination confirmed him in this view.

From these experiments, and with the belief on his mind that this latter document must have been printed, Blagden concludes that ancient inks had no carbon in them, and that their greater durability depended upon the better preparation of the parchment or paper upon which the writing was made.

The fact that the tinge of color produced by the action of prussiate of potass seemed less deep than that produced by its action upon inks of more modern date, led him, also, to the belief that there was a less quantity of iron, in proportion to the astringent matter, than is used in the present day. So generally did he believe iron to have been used in the inks of ancient times, that he recommends for general adoption the use of prussiate of potass, combined with a mineral acid for reproducing writings which have been effaced by age. Indeed, in support of the view that iron was generally used in the manufacture of these inks, we find Camparius, who wrote on the subject of inks at Venice, in 1619, recommending the use of an infusion of galls in white wine for restoration of faded manuscripts.

Though at first sight the experiments of Dr. Lewis and Mr. Astle seem at variance with those of Sir Charles Blagden, they both show, I think, that in the ink of the earlier centuries there was no uniformity of manufacture, but while in many cases it was purely carbonaceous, it generally consisted of a black dye, very similar to our ink, with the further addition of a considerable quantity of lamp black or finely-powdered charcoal.

It will be found that neither Dr. Lewis nor Mr. Astle give us the method of chemical analysis which they adopted. We may therefore suppose that, with the preconceived notion

that the ink was simply carbonaceous matter, held in suspension in some mucilaginous fluid, when their experiments proved the presence of pure carbon in the writing, they did not sufficiently prosecute their researches to discover the iron in the vehicle in which it was suspended, but decided at once that it was simply what they had previously supposed.

Relative to the experiments of Blagden, it must be borne in mind that we do not know how many specimens he tested. Although in some he found no trace of carbon, yet in one of them its presence was clearly proved, and the tests for iron he does not say produced no effects upon it, but states that there were no considerable effects. With regard to his suspicion that this latter was a printed document, I cannot conceive that he was correct. Printing was hardly so far advanced at that time as to be a *fac-simile* of writing sufficiently perfect to deceive a person of Dr. Blagden's knowledge and research throughout the series of microscopic investigations which his experiments required. It must be remembered that it was not the appearance of the writing, but the chemical difference of the ink that first led him to suspect that the words were printed and not written.

From very numerous experiments I have made with inks composed of black dye and the lightest lamp-black, I find the great obstacle to their use is the difficulty of keeping the carbon in suspension, and of knowing when it is so. If not frequently agitated, the carbon settles down, and, the color of the ink not depending upon it, the person using it continues his writing, little thinking that it is quite destitute of the principles upon which its permanence for centuries depends.

I conceive it to be possible that in many of the manuscripts of former days the writing might be destitute of carbon through the carelessness of the writer in omitting to keep the ink properly shaken, and I think we may fairly conclude that such was the case with those manuscripts in which Dr. Blagden could discover no trace of carbon. Again, if Dr. Lewis or Mr. Astle were correct in saying that all the ink of the earlier ages was composed of lamp-black only, which never changes its appearance, how are we to account for the various tints which those deeds exhibited? Mr. Astle refers to the following curious case, showing the various changes of tints which the ink of one period has undergone, and it is strange that it should not have occurred to him that this militates most strongly against his own opinion.

He tells us that he had in his possession a long roll of parchment, at the head of which was a letter that had been carried over the greatest part of England by two devout monks, requesting prayers for Lucia De Vere,

Countess of Oxford, a pious lady, who died in 1199. The roll consisted of many skins of parchment sewn together, all of which, except the first, contained certificates from the different religious houses, that the two monks had visited them, and that they had ordered prayers to be offered for the Countess, and had entered her name in their bead rolls. He says, "it is observable time hath had very different effects on the various inks with which these certificates were written. Some are as black and fresh as if written yesterday, while others are changed brown and some are of a yellow hue." Now, I am inclined strongly to contend that if those signatures had been made with a purely carbonaceous ink, they could not have changed to a yellow hue, while I do think it, nevertheless, highly probable that in all, or most of them, carbon had been used, although in some cases it might have settled to the bottom, and not been taken up with the pen.

Some of the manuscripts at the British Museum give remarkable support to this opinion, for on closely inspecting them it will be seen that while on some words and letters, even parts of letters have retained their full depth of blackness, yet the remaining parts of these letters are of a yellowish color, in some places with black particles in them, and in others without any trace of black matter. So regularly does this remarkable change occur throughout some of the manuscripts, that by noticing where the blackness commences and runs off to pale yellow, one can almost point out every place where the pen has been freshly dipped into the ink. This shows beyond a doubt that such writing was done with an iron ink containing free carbon, but, through want of care in keeping it agitated, there was not sufficient carbon for it to be distributed through all the letters. The statements of Pliny and Dioscorides also confirm this view. Pliny discoursed on so many subjects, of which he had no practical knowledge, that his remarks are often difficult to understand, yet both he and Dioscorides plainly state that the Romans and Greeks used inks made otherwise than with lamp-black and charcoal alone. As Dr. Lewis and Mr. Astle, as well as the authors in many of the encyclopediæ, tell us that both these ancient writers support their view, that the only inks used in former times were purely carbonaceous, I will here give the translation of some of their remarks on the subject.

Pliny's Natural History, after describing the different ways in which they obtained the best carbon for their inks, informs us that :

"The preparation of every kind of atramentum is completed by exposure to the sun.

"The black for writing having an admixture of gum, and that for coloring walls an admixture of glue.

"Black pigment that has been dissolved in vinegar is not easily affected by washing."

Now, it is very certain this black pigment was not carbon or it would not have been soluble in vinegar.

Dioscorides, after describing other methods, says:—

"A third mode of making the ink with which we write, is that of mixing certain proportions of painters black, powdered charcoal, glue, and what is termed the flowers of brass (that is, the flosculent substance that forms on the surface of melted copper cooled by water)."

Although I have sought to show that in many cases the ink of the ancients was composed of black dye and lamp-black, yet, we know that in some cases it was simply lamp-black mixed with some viscid substance as gum water or oil.

For instance, we find in the manuscripts in the Royal Library at Portici, that the letters are blacker than the papyri upon which they are written, though this is perfectly charred; and thus we know that vitriol could not have been employed in the composition of the ink which was used upon them, or the great heat to which they were exposed would have turned the writing to a yellow tint, by evaporating the acid and leaving the iron in a state of oxyde or common iron rust.

Besides, the delicate nature of the papyrus would not have borne the corrosive nature of a vitriolic ink, which would have penetrated through it, as may frequently be observed in later manuscripts written on parchment, a far less delicate substance than the papyrus. These papyri manuscripts were evidently written with an ink made of oil and lamp-black, which must have been very thick, and was probably used with a brush, and any doubts as to its composition were set at rest by the discovery, at Herculaneum, of an inkstand with a small quantity of ink in it, which, upon examination, proved to be merely a thick rich oil mixed with lamp black. The lamp black was ground up with the oil as painters colors are now done, and by remembering this we can understand the meaning of Demosthenes when, in a speech of his, he taunts his great rival, Æschines, with having been compelled in his youth, through poverty, to sweep the school, sponge the benches, and grind the ink.

This description of ink was also, in some cases, in use in the seventh century, which we learn from a description given by Isidorus, of Seville, as to the nature of its manufacture.

But the difference of views regarding the composition of these ancient inks has plainly arisen from the idea that all must have been made by some uniform plan, which was no more probable than that it should be the case in the present day.

NEW DURHAM, N. J., April, 1878.

(*Conclusion in our next number.*)

BANKING INSTITUTES.

Our readers have been furnished, from time to time, with reports of the formation and progress of "The Banking Institute of Scotland." The success of this enterprise seems to have stimulated the idea of a similar association in England. A number of gentlemen connected with various banks, who had been attending the Gilbart Lectures on Banking, held recently a meeting at King's College, London, at which an earnest desire was expressed that some steps be taken for the formation of a Bankers' Institute. The object in view is the higher and technical instruction of bank clerks, by means of a library of works on banking, finance, commerce, etc., by the delivery of courses of lectures on banking, mercantile law, political economy and other branches of science; and by examinations at stated intervals. In order to secure the concurrence in the project of as many bank clerks as possible, before forming any committee, two of the gentlemen present were deputed to receive the opinions of bank employés.

The notification which, in furtherance of this object, was distributed among the employés of the London banks, ended with the following, which deserves careful attention:

"High character, probity and industry must ever be the best recommendation for a bank clerk, and the first condition for his promotion; nevertheless, it would greatly add to his interest in the work if he could unite with his practical knowledge some acquaintance with the principles which govern the business and functions of bankers all over the world."

The responses to this circular are said, at the latest advices, to be very encouraging to the movers of this excellent undertaking.

There can be no doubt that a Bankers' Institute, properly managed, will improve the qualifications of those engaged in the duties of the banking profession, and while fitting them to fill more successfully those various duties, must prepare them for higher positions and raise the status and influence of bank clerks as a body.

The Bank Clerks' Associations of our own leading cities have achieved much good in the sphere they fill, but no one of them has attempted the work which has been begun and is extending in Great Britain under the title of "The Banking Institute." Is there not among our young bank clerks an ambition high enough and strong enough to effect a successful movement in this direction? We commend this object to their thoughtful consideration.

RIGHT OF REVENUE COLLECTOR TO EXAMINE PAID BANK CHECKS.

SUPREME COURT OF THE UNITED STATES—OCTOBER TERM, 1877.

United States, Plaintiff in error, vs. *Mann.*

Under section 3177 of the United States Revised Statutes, authority is given to any collector, deputy collector, or inspector of internal revenue, to enter, in the day-time, any building or place within his district, where any articles or objects subject to such taxation are made, produced, or kept, so far as it may be necessary for the purpose of examining such objects or articles, and the provision is that any owner of such building or place, or any person having the agency or superintendence of the same, who refuses to admit such officer or suffer him to examine such articles or objects, shall for every such refusal forfeit five hundred dollars. *Held*, that under this provision, paid bank checks, which were duly and sufficiently stamped at the time they were made, signed and issued, are not articles or objects subject to taxation, and an officer of a bank where such checks are, may lawfully refuse to suffer the collector to examine such checks.

Error to the Circuit Court of the United States for the district of Minnesota. The facts fully appear in the opinion.

Mr. Justice CLIFFORD delivered the opinion of the court.

Authority is given to any collector, deputy collector, or inspector of internal revenue to enter, in the daytime, any building or place within his district, where any articles or objects subject to such taxation are made, produced, or kept, so far as it may be necessary for the purpose of examining such objects or articles, and the provision is that any owner of such building or place, or any person having the agency or superintendence of the same, who refuses to admit such officer or suffer him to examine such articles or objects, shall for every such refusal forfeit five hundred dollars. Rev. Stat., § 3177.

Founded upon that provision in the Act of Congress the complaint filed in the Circuit Court alleges and charges that the defendant, having at the time mentioned the care and superintendence of the described bank and its place of business, in which certain paid bank checks were then and there kept, refused then and there to suffer the collector of the district, who then and there entered the bank for the purpose, to examine the said paid bank checks so kept then and there in said place of business, though thereto requested by the collector, which said refusal was then and there contrary to the form of the statute in such case made and provided.

Service was made and the defendent appeared and demurred to the complaint. Hearing was had and the court sustained the demurrer, the reasons for the conclusion not being exhibited in the transcript, but the record contains a statement to the effect that the plaintiffs standing on their complaint, the court rendered judgment for the defendant. Error was assigned by the plaintiffs, and they sued out the present writ of error. It is now contended by the United States that the judgment was for the wrong party, that it should have been rendered for the plaintiffs and not for the defendant, which is the only error assigned for the consideration of this court.

Bank checks, drafts, or notes for the payment of money, drawn upon any bank, broker, or trust company, at sight or on demand, are subject to a tax of two cents, to be paid by the person who makes, signs, or issues the same, or for whose use or benefit the same are made, signed or issued. Rev. Stat., § 3418; 18 Stat. at Large, 310. Exceptions exist to that requirement in behalf of Federal and State officers and in behalf of county, town, and other municipal corporations, when in the strict exercise of functions belonging exclusively to their ordinary governmental or municipal capacity. Id., § 3420.

Cases arise where such an instrument is issued without being duly stamped, and in such a case the provision is that neither the instrument nor any copy

thereof shall be admitted or used in evidence in any court until a legal stamp denoting the amount of the tax is affixed thereto, as prescribed by law. Instruments of the kind are required to be stamped at the time of their issue, and the provision is that unless a stamp or stamps of the proper amount shall be affixed to the same and canceled, it shall not be lawful to record the instrument, and that the record, if so made, shall be utterly void. Provision is also made that parties violating those regulations by making, signing, or issuing any such instrument, document, or paper, without being duly stamped, shall for every such offense forfeit the sum of fifty dollars, and that the unstamped instrument shall be deemed invalid and of no effect. Id., § 3422.

Such officer may enter in the day-time any building or place within his district where any articles or objects subject to taxation are made, produced, or kept, so far as it may be necessary for the purpose of examining said articles or objects. Unless articles or objects of taxation are made, produced, or kept in any building belonging to another, the collector derives no authority under that act to enter the building at all, and even then his right to enter the same is strictly limited by the words so far as it may be necessary for the purpose of examining such articles or objects.

Where articles or objects subject to taxation are made, produced, or kept in any building, by whomsoever owned, the provision is that the collector or other officer named may enter the same, so far as it may be necessary for the purpose of examining said articles or objects, but the act of Congress gives the officer no authority whatever to enter the buildiug of another for any other purpose than that which the act specifically describes.

Strictly limited as the right conferred is, it is a privilege easily defined, and it is equally clear that the prohibition addressed to the owner or person in charge of the place of business is explicitly confined to the refusal to suffer the officer to enter the building where the articles or objects subject to taxation are made, produced, or kept, for the special purpose particularly set forth in the section. Owners of such a building or persons having the agency or superintendence of the same are forbidden to refuse to admit the collector, deputy collector, or inspector to enter such building for the described special purpose, and the provision is that if they do so refuse and do not suffer the officer to examine such articles or objects, they shall for every such refusal forfeit five hundred dollars.

Persons other than the owner of the building or place of business cannot be held liable to the penalty prescribed in the section, unless it be alleged and proved that he or they had at the time the agency or superintendence of the same, and that it was a building or place where articles or objects subject to taxation were made, produced, or kept, and that the person or persons accused of having violated the prohibition of the section, then and there refused to allow the officer to enter the building or place of business for the described purpose, or to suffer him to examine the articles or objects subject to taxation then and there kept in said building or place of business.

Informations for offenses or penalties created and defined by statute, like indictments, must follow the words of the statute, and where there is no substantial departure from that requirement, the information, like the indictment, is in general sufficient, except in cases where the statute is elliptical, or where, by necessary implication, other constituents are component parts of the offence. Offenses created by statute as well as offenses at common law consist, with rare exceptions, of more than one ingredient, and the rule is universal that every ingredient of which the offense is composed must be accurately and clearly expressed in the indictment or information, or the pleading will be held bad on demurrer. *U. S.* vs. *Cook*, 17 Wall. 74; 1 Bishop's Cr. Pro. (2d ed.), § 81; Arch. Cr. Pl. & Ev. (18th ed.) 54.

Orders for the payment of money, including checks and drafts drawn upon any bank, banker, or trust company, are subject to a tax of two cents, and it is understood to be the opinion of the department that the exaction specified is a tax upon the instrument, to be paid by the person who makes, signs, or issues the same, or the person for whose use or benefit the order or check was made, signed, or issued. Rev. Stat., § 3418; 18 Stat. at Large, 310.

Suppose that is so, then it may perhaps be suggested that a bank check, though paid, if it was made, signed, and issued without being duly stamped with a stamp denoting the amount of the tax, is still an article or object subject to taxation within the meaning of the provision under consideration, unless it can be held that the tax is merged in the penalty prescribed for the violation of the requirement that the instrument shall be stamped at the time it is made, signed, and issued. Id., § 3421.

Such a question may arise in a subsequent case, but it is wholly unnecessary to discuss it in the case before the court, as it is not alleged in the information that the paid bank checks therein described were not duly stamped at the time the same were made, signed, and issued, as required by the act of Congress. Instead of that the charge in the information is to the effect that the paid bank checks were then and there kept in the bank or place of business then and there under the charge and superintendence of the defendant; that the collector of the district then and there entered the said bank or place of business for the purpose of examining the said paid bank checks, and that he, the collector, then and there requested the defendant to suffer him to examine the said paid bank checks so kept by the said bank then and there in their said place of business, and that the defendant then and there refused the said request of the said collector. Matters not alleged in the information cannot be regarded as confessed by the defendant, as the demurrer only admits what is well pleaded.

Certain bank checks which had theretofore been drawn upon and paid by the bank, it is alleged in the information, were then and there kept in the rooms and vaults of the bank, and it is proper to say that the said checks are described in the preliminary part of the information as "articles subject to tax," but it is nowhere alleged in the information that the said paid bank checks were not duly stamped with stamps denoting the tax to which the same were subject at the time the checks were made, signed and issued.

Ingredients or elements not set forth in the information or other criminal accusation cannot be incorporated into the charge against the defendant after he is served with process, and it is equally clear that paid bank checks, which were duly and sufficiently stamped at the time they were made, signed, and issued, are not articles or objects subject to taxation within the meaning of the act of Congress on which the information in this case is founded, and if so, then it follows as a necessary conclusion that the defendant might lawfully refuse to suffer the collector to examine the paid bank checks described in the information.

Penal offenses created by statute, whether to be prosecuted by indictment or information, must be accurately and clearly described in the pleadings for the recovery of the penalty, and if the offense cannot be so described without expanding the allegations beyond the mere words of the statute, then it is clear that the allegations of the accusation must be expanded to that extent, as it is universally true that no pleading in such a case can be sufficient which does not accurately and clearly allege all the ingredients of which the charge is composed, so as to bring the accused within the true intent and meaning of the statute defining the accusation.

In general, says Marshall, Ch. J., it is sufficient in a libel of information to charge the offense in the very words which direct the forfeiture, but the proposition we think is not universally true. If the words which describe the subject-matter of the prohibition are general, including a whole class, . . . we think the charge in the libel ought to conform to the true sense and meaning of the words as used by the legislature. *The Mary Ann*, 8 Wheat. 389; *The Hoppet*, 7 Cr. 393; 2 Pars. on Ship. & Adm. 386.

Examples of the kind where it has been held that it is not sufficient to follow the words of the statute are quite numerous, and they show that many of the exceptions are as extensively recognized and as firmly settled as any other rule of pleading in such cases. Views of a corresponding character are expressed by this court in another case, where the opinion was delivered by Mr. Justice Story. Having stated the rule that it is in general sufficient to allege the offense in the very terms of the statute, he proceeds to remark: We say in general, for there are doubtless cases where more particularity is

required either from the obvious intention of the legislature or from the known principles of law, both of which exceptional requirements are applicable in this case.

Known principles of law require greater particularity to be observed in order that all the ingredients which constitute a violation of the statutory offense may be accurately and clearly alleged, and it is equally clear that the intention of Congress requires the same thing, as it is obvious that Congress never could have intended that paid bank checks duly and sufficiently stamped at the time they were made, signed and issued should be regarded as articles or objects subject to taxation within the meaning of the provision in the act of Congress under consideration. *The Caroline*, 7 Cr. 500; *The Anne*, 7 id. 471; Conkl, Treat. (5th ed.) 546.

Authorities other than those already referred to are not necessary to show that an information to recover a penalty created by statute must state all the material facts and circumstances which constitute the offense, so as to bring the party impleaded precisely within the provisions of the statute defining the offense; but should it be desired to consult other authorities, it will be found that the following fully support the propositions. 2 Colby's Cr. Law, 114; *People* vs. *Wilber*, 4 Park. C. C. 21; *Com.* vs. *Cook*, 18 B. Monr. 149; *Steel* vs. *Smith*, 1 Barn. & Ald. 99; Conkl. Treat. (5th ed.), 548.

Viewed in the light of these suggestions it is clear that the right conferred upon the officer to enter the building or place of business of another in such a case is strictly limited to a building or place of business in which articles or objects subject to taxation are, at the time of the proposed entry and examination, made, produced, or kept, and that paid bank checks, unless it is alleged and proved that they were not duly and sufficiently stamped at the time they were made, signed and issued, are not articles or objects subject to taxation within the meaning of the act of Congress on which the information is founded. Nothing is admitted by the demurrer except what is well pleaded in the information, and inasmuch as the only charge of the information in that regard as that paid bank ckecks were then and there kept in the said building or place of business described, the court is of the opinion that the information does not set forth any legal offense against the defendant, as defined by the said act of Congress.

Judgment affirmed.

THE ACCEPTANCE OF BILLS OF EXCHANGE.—An attempt was recently made in the British House of Commons to obtain from the Attorney-General an opinion as to how the English law really stands in regard to the acceptance of a bill of exchange. In a case, *Hindhaugh* vs. *Blakeley*, the Judge of the County Court of Northumberland decided that a bill upon which the acceptor had simply written his name, was not legally accepted. In order to make an acceptance valid, it was necessary, he held, that the word "accepted," as well as the signature of the drawer should be written on the bill. and this ruling was confirmed by the decission, on March 2, in the Court of Common Pleas. As was to be expected, the Attorney-General refused to review the decision of the judges. There can be no question that the established custom in dealing with bills is to regard the simple signature as a sufficient acceptance, and Professor Leone Levi has come forward to contend that this is not only the custom, but also the law The London *Economist* suggests that, if it be found necessary to alter the law so as to bring it into harmony with existing practice, this might well be done by adopting one of the articles in a proposed international code drawn up by the Association for the Reform and Codification of the Law of Nations. which proposes that "the acceptance of a bill of exchange must be in writing on the face of the bill itself. The signature of the drawee — without additional words — shall constitute acceptance, if written on the face of the bill itself."

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. RESPONSIBILITY FOR FORGED INDORSEMENTS.

Can you tell us who is responsible on the following note?

A B signs a note payable to his own order—indorses the same, and then *forges* the name of C D as second indorser. He next takes the note to E F—and gets him to indorse it under the forged name of C D—then takes the note to the bank where it is made payable and gets it discounted. Can the bank collect of E F?

REPLY.—The bank, being a *bona fide* holder of the note bearing a forged indorsement, has a perfectly good legal claim against E F, the last indorser, provided that protest and notice be properly made at maturity. It was the business of E F to know that the indorsement of C D was genuine. By signing after C D, he guaranties the genuineness of his indorsement, to a subsequent holder; and if he has (however innocently) aided A B in the perpetration of a fraud, it is himself who must suffer, and not the *bona fide* holder for value.

II. MATURITY OF PAPER WITHOUT GRACE.

Is the enclosed statement correct for most of the States of the Union?

"Commercial paper, payable *without grace*, and falling due on Sunday, is not payable until the next day (Monday), and a protest of such paper on Saturday would not bind the drawer or indorser. The rule is also applicable to checks on banks dated on Sunday."

REPLY.—The rule of law cited above is a general one, and is thus expressed by Judge Daniel, in his treatise on Negotiable Instruments: "If a bill or note without grace, or any non-commercial instrument for payment of money, falls due on a Sunday or legal holiday, it is not payable until the next business day, for the payer is not compellable by law to pay on the exact day named, and the next day is the first day that the creditor can demand payment."

III. IS THE DATE ESSENTIAL TO A CHECK?

A check similar to the following, properly indorsed, was presented for payment and refused, on the ground that there was no date? Is the date essential? Can you refer to any decision where the point is raised?

Providence, R. I., 187 .

BLANK NATIONAL BANK

Pay to A. B. or order one thousand dollars,

C. D.

REPLY.—It is held by *Morse*, in his treatise of the Law of Banks and Banking, that "if a check is not dated at all, and contains no statement of a date when it is to be paid, it is never payable." But this view is not supported by any decisions so far as we can learn. It may be regarded as doubtful whether a bank would be warranted in refusing to pay an undated check, and it would seem more reasonable to assume that such a check bears the date of its presentation, and to pay it accordingly if there be funds to credit of drawer.

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IV. The Use of Bank Funds for Charitable Objects.

Have banks any moral or legal right to give money out of the bank funds to charitable or public objects, either by a vote of the Board of Directors or otherwise?

Reply.—Acts of benevolence or charity are no part of the proper business of banking institutions, and, strictly speaking, the directors of a bank have no legal or equitable right to expend its funds for these objects. But occasions may arise when questions of expediency fully justify such outlays, if there be good reason to believe that they will injure to the benefit of the bank. Subscriptions in favor of military, police, or firemen's associations may obviously come under this heading, when it shall appear that the protection of banking property will be more efficiently maintained thereby. It may sometimes happen, also, that donations are solicited by those who belong to a profitable class of dealers, whose good might be propitiated to the manifest advantage of the bank's business. But any such allowances should be made only with careful deliberation, and directors who would seek to enhance by these means their own personal popularity only, ought to be held to a strict accountability for such a breach of trust. In short, the question seems to be one of expediency, as is that of advertising, ornamental office-fixtures, etc.

V. Indorsement of a Surety before that of Payee.

A, B, and C, make a note payable to the "Exchange Bank" or order, and present it to said bank for discount. The proper officer informs them that unless it is indorsed by D, it will not be discounted, as A, B, and C are not *alone* good for the amount desired. They then get D on the back of the note. When the note falls due, A, B and C fail to pay it. Does the note need to be protested to hold D, or is he a joint maker?

Reply.—Upon this question there is a great diversity of decision.

In New York, Indiana, Tennessee, Mississippi, Oregon, Louisiana, and Wisconsin, D is an indorser, and is entitled to demand notice.

In Massachusetts, D is a joint maker, but by a recent statute is entitled to *notice* the same as an indorser.

In Illinois, Ohio, Texas, Virginia, Kansas, Iowa, and Connecticut, D is a guarantor, and is not entitled to immediate notice like an indorser; though he is probably entitled to reasonable notice of non-payment.

In California, D is a guarantor, but is held to bear the rights of an indorser.

In Maine, Vermont, New Hampshire, Missouri, South Carolina, North Carolina, Rhode Island and Minnesota, D is a joint maker, and not entitled to notice.

It is obvious that, where decisions are so various, this must always be a question of local law in the particular State where it arises.

Virginia.—The Virginia Court of Appeals have decided, four out of five judges concurring, that coupons are receivable for all fines due the State, at their face value. The effect of the decision is that the coupons are not taxable, but are the same as gold in the payment of any dues to the State.

BANKING AND FINANCIAL ITEMS.

A CONFERENCE between the Committee on Banking and Currency, and the Hon. John Sherman, Secretary of the Treasury, was held on April 1st and 4th. The Committee had asked for information upon several points connected with the question of resumption of specie payment, and desired Mr. Sherman to explain his grounds for believing in the practicability of resumption by the time fixed, or earlier. The Secretary maintained firmly his opinion that resumption can be reached if hindered by no unfavorable legislation. He claimed that after the resumption of specie payment he will have authority, under Sec. 3579, Revised Statutes, to re-issue $300,000,000 United States notes. He also expressed the opinion that $600,000,000 of total Government and bank circulation can be maintained. The Secretary furnished statements as to the actual amount of gold and silver coin and bullion on hand; the amount of bonds sold and not paid for; the usual amount of annual coin liabilities of the government, etc., etc. He met all inquiries fully and fairly, and evinced perfect confidence in his ability to reach and to maintain specie payments, if Congress would stop any further interference, and impressed the Committee with his entire earnestness and sincerity in believing that he can execute the Resumption law as it now stands.

THE SECRETARY OF THE TREASURY visited New York about the latter part of March, and obtained from some of the leading bankers their views upon the resumption of specie payments. On April, 10th and 11th he was also in this city, and held interviews with representatives of the principal banks and banking houses with a view to the negotiation of $50,000,000 U. S. 4½ per cent. bonds for the purpose of increasing to $140,000,000 his stock of coin for redemption purposes. At these interviews the Comptroller of the Currency and the Assistant Treasurer were also present. The result of this visit was an agreement (of which we give the details on page 841) for the sale of the amount named, with a Syndicate consisting of Messrs. A. Belmont & Co., Drexel, Morgan & Co., J. & W. Seligman & Co., Morton, Bliss & Co., and the First National Bank, of New York City, the firms named acting in behalf of themselves, and of the London bankers' with whom each is connected.

NEW YORK.—On March 27th, the Sixpenny Savings Bank in this city was closed, by an order of Court issued at the request of the State Bank Department. The number of depositors is 33,000, most of them very poor people, whose little accounts represented small savings, made by much self-sacrifice and hard work. The liabilities are $1,810,571 and the assets estimated at $1,728,146, leaving a deficiency of $82,425. Estimates of the amount depositors will receive vary from seventy-five to ninety per cent. The examiners say that the management of the bank was so careless as almost to amount to indifference on the part of the managers, and that investments have been made which were both improper and illegal. On March 29th, Judge Westbrook, at Albany, appointed the Hon. Wm. F. Russell, receiver. Mr. Russell was formerly President of the Bank of Saugerties and a member of Congress.

DIVIDENDS.—The Comptroller of the Currency has declared dividends in favor of the creditors of National banks in the hands of Receivers as follows:

	Per centage.		*Total per cent.*
Watkins National Bank, Watkins, N. Y.	12½	..	100
First National Bank of Franklin, Ind.	20	..	45
First National Bank of Winchester, Ill.	10	..	40

THE STOCK EXCHANGE.—The Governing Committee of the New York Stock Exchange held a special meeting on April 17th, to consider a plan for the establishment of a Clearing House for Government bonds. Some months ago a special committee of the Governing Committee was appointed to consider this subject, and after many consultations they agreed upon a plan, which was reported at this meeting. After a very long discussion the proposed plan was laid on the table by the Governing Committee, and the meeting adjourned. This action dispels for the present all hope for the organization of the proposed Clearing House.

CONNECTICUT.—Mr. John L. Bunce, President of the Phœnix National Bank of Hartford, died in that city on April 10th, at the age of seventy-six years. He was Cashier of this bank twenty-three years, and President eighteen years. He was one of the most highly esteemed citizens and best known bankers in Connecticut.

ILLINOIS.—The stockholders of the Union National Bank, Chicago, with a view of strengthening its credit and consolidating its business, on April 6th reduced the capital stock from $ 1,000,000 to $ 500,000. Nothing was drawn out, but the stock was placed at the same amount with which the bank started.

THE ARIZONA GOLD AND SILVER MINING COMPANY was organized in Indianapolis, on March 22d, under the laws of the State of Indiana, to work the celebrated Heintzelman mine and three adjoining claims in Cerro Colorado district, Arizona. Ex-Governor Conrad Baker was elected President; Geo. R. Gibson, Financial Manager; John A. Reitz (Vice-President of the German National Bank of Evansville), Treasurer. Among the other largest stockholders are: Dr. H. R. Allen, John C. New, Gov. Thos. A. Hendricks, Prof. J. L. Campbell (Secretary of Centennial Commission), Thos. E. Garvin, and J. S. Hopkins (President of the First National Bank of Evansville).

ROBBERIES.—The Bank of South Pueblo, Colorado, was entered during the night of Friday, March 29th, by masked robbers, who gagged the cashier, H. N. Banks, and obliged him to open the safe. They took $ 5,000 in currency and a gold watch and chain. No clew to the robbers.

The Bank of Jacksonville, in Jacksonville, Fla., was robbed on April 1st of $ 7,500 in greenbacks and bank notes. A man engaged the attention of the cashier, while his confederate entered the vault by a rear door and took the money. The thieves escaped.

MASSACHUSETTS SAVINGS BANKS.—On March 27, the Supreme Court, on the application of the Savings Bank Commissioners, granted a temporary injunction upon the Broadway Savings Bank, of Lawrence, deeming it injudicious to allow the bank the advantage of the new law. This injunction has since been modified so as to allow the transaction of business except the receipt and payment of deposits. It was stated at the hearing before the Supreme Court that a preliminary agreement had been entered into between certain parties to secure the bank against loss. Mr. Peter Smith, of Andover, has agreed to be responsible for any shrinkage in the value of the bank property to the extent of $ 20,000, and several other parties in Lawrence guarantee $ 80,000 more.

The Wellfleet Savings Bank, with deposits amounting to $ 422,163, and the South Boston Savings Bank, with deposits amounting to $ 1,565,962, finding themselves unable to meet the demands of their depositors, have been placed under the restrictions of the new Savings Bank Law.

The Commissioners of Savings Banks issued an order April 16, restricting the East Boston Savings Bank from payment of more than ten per cent. on any deposit account for the next six months and ten per cent. the subsequent six.

A temporary injunction was issued on April 16th, restraining the Emigrant Savings Bank of Boston from doing business. The new restrictive law was not applied, as in regard to the solvency of the bank there is no doubt which the passage of one dividend would not remedy. The bank owes depositors $ 2,003,889, and it is believed that the latter in time will be paid in full.

The Seamen's Savings Bank, of Provincetown, has called on the Bank Commissioners to regulate its paying out in conformity with the new law. The bank is reported perfectly solvent, and the step is said to be taken only to protect those who are disposed to leave their money on deposit.

All the Savings banks in Fall River required on April 12, sixty days' notice from depositors wishing to draw more than $ 100.

On April 20th, the trustess of the Boston Five Cents Savings Bank voted to enforce the provision of its by-laws requiring notice previous to the withdrawal of deposits.

TWO HEAVY DEFALCATIONS at Fall River, Mass., have come to light during this month, each of which has resulted in the ruin of the corporations interested. S. Angier Chace, Treasurer of the Union Mills, is said to be a defaulter of $ 500,000, having scattered freely the paper of the corporation, of whose finances he had complete control. This development was followed by the discovery, on April 22d, that George T. Hathaway, Treasurer of the Border City and of the Sagamore Mills, was also a defaulter to a still larger amount. The two men had been intimately associated, and are supposed to have been acting together in many of their financial transactions. Both were highly esteemed, Mr. Chace having occupied a high social position. He had been a member of each branch of the State Legislature, and was President of the Second National Bank, and the Five Cents Savings Bank of Fall River.

NEW HAMPSHIRE.—The trustees of the Warner Savings Bank have asked for an order of Court authorizing the bank to withhold twenty-five per cent. of all deposits. There has been a heavy run on the bank, and the impossibility of realizing on the assets has led to this action. The amount due depositors is $ 77,933. The Court has granted this petition, cutting down twenty-five per cent.

In compliance with orders from the Bank Department, the Norway Plains Savings Bank, Rochester, has scaled down its deposits sixteen per cent. The depositors will lose by this process about $ 100,000.

NEW JERSEY.—The following is the new interest law of this State, which takes effect July 4, 1878. Until that date the legal rate is seven per cent. :

1. "That no person or corporation shall upon any contract take directly or indirectly for loan of any money, wares, merchandise, goods or chattles above the value of six dollars for the forbearance of one hundred dollars for a year, and after that rate for a greater or less sum, or for a longer or shorter time."

NEW YORK.—A bill abolishing the publication of weekly statements by the banks of the city of New York has been signed by the Governor.

BURGLARY.—The safe of the Matteawan, Dutchess county, Savings Bank was blown open on the night of Sunday, April 14th, but the burglars got only $ 100 for their trouble.

SUICIDE OF AN AGED BANKER.—On April 9th, Mr. Charles Pardee, a banker of Skaneateles, cut his throat with a razor. He was eighty-two years old, and was supposed to be very wealthy, but a shrinkage of values and continued litigation brought on despondency, and undoubtedly caused him to take his life. He was the first white child born in the town, and for fifty years had been the leading citizen and financier of the village.

REDEMPTION OF BANK NOTES.—During the month of April, a number of banks have announced their readiness to redeem their circulating notes on presentation at their respective counters. Among the first of these were the First National and Third National of Cincinnati; the Illinois and North-Western National of Chicago; the Iowa and Citizens' National of Des Moines, the First of Davenport, and the First of Grinnell, Iowa; the State National Exchange, National Commercial and Mechanics and Farmers' Bank of Albany, the First and Third National, Buffalo, N. Y.; the Richmond National of Richmond, and the First National of Vincennes, Indiana; the Merchants' Bank of Newport, R. I.; the First National Bank, Bank of New Hanover and Dawson Bank, Wilmington, N. C.; Citizens' Bank of Atlanta, Ga., Germania National of New Orleans, and several others.

ROBBERY AND FLIGHT.—O. C. Zeller, cashier of the National Exchange Bank, at Tiffin, Ohio, after banking hours on Saturday, April 20, absconded, taking with him $45,500 of the funds of the bank. The surplus of the bank exceeds the amount taken. The loss will be confined to the stockholders, and the solvency of the bank is not affected, although it has temporarily suspended. The directors offer a reward of $5,000 for the return of Zeller to the Sheriff of Seneca County, O., and $5,000 for the return of the money, or a like proportion for any part of it.

SAVINGS BANK TRUSTEES HELD RESPONSIBLE.—A suit was recently tried before the Supreme Court of New York, which was brought by *William J. Best*, receiver of the German Savings Bank of Morrisania against *Nicholas Thiel and others*. Defendants were trustees of the bank, and in 1875 gave mortgages to make up a deficiency in the bank with the Bank Department. The defense was that under the law of 1875 no trustee of a bank shall be indorser, surety or obligor for money loaned by or borrowing of such corporation. Judge Van Brunt says the theory of the defense is that these bonds were additional securities for previous loans, while in fact they were to make up a general deficiency. The defendants are not obligors on loans, and are estopped by principles of public policy. Judgment against defendants.

RHODE ISLAND.—The recent suspension of the Savings bank in Pawtucket, R. I., caused such disturbance in the minds of depositors in the other two institutions in the village that at the request of the trustees, the Governor appointed a commissioner to examine the Franklin Savings Bank and Pawtucket Institution for Savings. A temporary injunction as to the Franklin Savings Bank was asked of the Supreme Court, and was granted on April 12.

A commission has been appointed to examine the affairs of the Coddington Savings Bank, of Newport, at the request of the officers; and a temporary injunction to restrain the bank from doing business was issued by the Supreme Court of Rhode Island, on April 16th.

RUSSIAN STOCKS HELD IN GREAT BRITAIN.—The dividends on the Russian National debt, acknowledged by citizens of Great Britain to have been received by them, and on which they paid an income tax, was, for the year 1874, £1,825,355, and for the year 1877 £2,360,872. It is well understood that Englishmen pay the income tax on a much less quantity of foreign stocks than they actually own. The exhibit of the ownership of that species of property comes very near being an optional matter with the parties to be taxed. But even on their own showing in this case, Englishmen hold fully one-fifth of the Russian National debt. A war, which would render that debt valueless, or even jeopardize the security, would inflict a heavy blow upon British fund owners.

THE BANK OF FRANCE AND ITS CIRCULATION.—Readers will have, no doubt, remarked the enormous diminution in the circulation of notes of 100 francs, from 1,187 millions to 684 millions. This reduction in the issue of small notes appears to justify the complaints from the Chambers of Commerce and traders in general at the difficulty of obtaining the small notes, and of the inconvenience of the silver coin given instead. The bank has replied to those representations that the motive for reducing its circulation was the stamp duty on the notes, but the advantage of restricting the issue of 100-franc notes has been almost counterbalanced by the increase of 400 millions in the notes of 1,000 f. The real motive, must have, therefore, been to compel the use of coin in small transactions, in order to reduce its stock of silver. The bank is, however, only returning to the practice of the first forty-five years of its monopoly, for down to 1847 its smallest notes were of 500 f. After the minimum had been reduced, first to 200 f., and then to 100 f., the bank was authorized in 1857 to issue notes of 50 f., but it did not take advantage of that permission until 1864. The notes of 25 f. and 20 f. were only issued during the war, and those of 5 f. in December, 1871, when all the small change had momentarily disappeared from circulation. The last Bank return showed that there are still five-franc notes in circulation for a sum of more than a million of francs. What has become of them is a mystery. They are now a curiosity, and I have not seen one in Paris for some years.

—(*Paris Correspondence of the London Economist.*)

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from April No., page 832.)

	Name of Bank.	*Elected.*	*In place of*
CAL....	Bank of Cal., San Francisco....	William Alvord, *Pr.*....	D. O. Mills.
COLO...	First National Bank, Colorado Springs	Irving Howbert, *Cas.*....	J. Knox.
		J. F. Humphrey, *A. C.*...	W. H. McIntire.
CONN...	Phœnix National Bank, Hartford	Henry A. Redfield, *Pr.*...	J. L. Bunce.*
		Edward M. Bunce, *Cas.*..	H. A. Redfield.
" ..	National Bank Commerce, New London	Charles W. Barns, *Cas.*..	C. Butler.*
ILL....	East St. Louis Bank..........	Votal Jarrod, *Pr.*.......	T. Winstanley.
" ..	First National Bank, Mattoon..	W. B. Dunlap, *Act'g Cas.*	C. G. Weymouth.
MAINE..	Kenduskeag Nat'l B'k, Bangor.	Charles H. Hammatt, *Cas.*	T. S. Dodd.
MD.....	Kent Nat'l Bank, Chestertown.	Charles T. Westcott, *Cas.*	W. N. E. Wicks.
" ..	Farmers & Mechanics' Nat'l Bank, Frederick	Charles E. Trail, *Pr.*...	E. Houck.
		George Markell, *V. P.*...	C. E. Trail.
MASS...	National Market Bank, Boston.	Jacob F. Taylor, *Pr.*....	L. Baldwin.
" ..	National Revere Bank, "	George S. Bullens, *Pr.*..	S. C. Cobb.
" ..	Second National Bank, "	Edward C. Brooks, *Cas.*..	A. J. Loud.
" ..	Richardson, Hill & Co., "	Frank E. James, *Cas.*...	H. W. Dodd.
" ..	Bridgewater Savings Bank.....	Lloyd Parsons, *Pr.*.....	....
" ..	Cambridge Savings Bank......	Charles W. Sever, *Pr.*..	J. B. Dana.
" ..	Second Nat'l Bank, Fall River..	Thomas F. Eddy, *Pr.*...	S. A. Chase.
" ..	Wachusett National Bank, Fitchburg	Omon H. Lawrence, *Pr.*	A. W. Seaver.
		George E. Clifford, *Cas.*..	H. L. Jewett.
" ..	Cape Cod 5c. Sav. B., Harwich.	Prince S. Crowell, *Pr.*...	....
" .	Northboro Nat'l B'k, Northboro.	Abraham W. Seaver, *Cas.*	O. H. Lawrence.
" ..	City National Bank, Worcester.	Calvin Foster, *Pr.*......	G. W. Richardson.
MICH...	Citizens' National Bank, Niles..	Francis M. Gray, *Cas.*...	O. S. Abbott.
" ..	Farmers' Nat'l B'k, Union City.	Thomas B. Buell, *Pr.*...	D. R. Cooley.*
N. H...	National State Capital Bank, Concord	Lewis Downing, Jr., *Pr.*	J. V. Barron.*
N. J....	Merchants' National Bank, Newton	Jacob L. Swayze, *Pr.*...	R. Hamilton.*
		Samuel H. Hunt, *V. P.*..	J. L. Swayze.
" ..	Phillipsburg National Bank....	Samuel Boileau, *Pr.*....	C. Sitgreaves.*
N. Y....	German Bank, Buffalo........	Edward G. Becker, *A. C.*	S. W. Warren, *Cas.*
" ..	First National Bank, Canandaigua	Merrick D. Munger, *Pr.*..	E. G. Tyler.
		G. N. Williams, *Cas*....	M. D. Munger.
" ..	Havana Nat'l Bank, Havana...	Willis H. Tracy, *Cas*...	H. H. Huntington.
" .	National Bank of Salem.....	B. F. Bancroft, *Pr.*.....	C. L. Allen.
		M. L. Sheldon, *Cas.*....	B. F. Bancroft.
OHIO...	Franklin Nat'l B'k, Columbus..	W. G. Deshler, *Pr.*.....	....
" ..	Citizens' Nat'l Bank, Urbana..	W. W. Wilson, *Cas.*....	M. Weaver.
" ..	First National Bank, Van Wert	Alonzo Conant, *Pr.*.....	J. M. C. Marble.
PENN...	Harrisburg National Bank.....	Jeremiah Uhler, *Cas.*....	J. W. Weir.*
VT.....	First National Bank, Fairhaven.	Samuel W. Bailey, *V. P.*	Z. C. Ellis.

* Deceased.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Authorized to April 24, 1878.)

No.	*Name and Place.*	*President and Cashier.*	*Capital. Authorized.*	*Capital. Paid.*
2381	National Bank of Smyrna.... Smyrna, DEL.	David J. Cummins....... William M. Bell.	$100,000	$100,000
2382	Central National Bank....... Washington, D. C.	Samuel Norment......... John A. Ruff.	$100,000	$90,410

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from April No., page 831.)

State.	*Place and Capital.*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
COL....	Leadville	Lake Co. B'k (Zollars, Eshelman & Co.)	Kountze Bros.
DAK. TER..	Bismarck	Merchants' Bank	American Exchange Nat. Bank.
		Walter Mann, *Pr.*	George H. Fairchild, *Cas.*
DEL....	Smyrna.........	Nat. B'k of Smyrna..(2381)	Girard National Bank, Phila.
	$100,000	David J. Cummins, *Pr.*	William M. Bell, *Cas.*
D. C ...	Washington....	Central National Bank....	....
	$90,410	Samuel Norment, *Pr.*	John A. Ruff, *Cas.*
GA.....	Savannah......	Henry Hull & Co.........	Mechanics' National Bank.
ILL.....	Prophetstown..	Bank of Prophetstown.....	National Park Bank.
		A. J. Mattson, *Pr.*	Charles W. Hull, *Cas.*
〃 ..	Saybrook	W. H. Schureman & Co...	....
IND.....	New Paris.....	Exch. Bank (L. L. Johnson, *Cas.*)	Third National Bank.
MICH...	Holland	J. Van Putten & Son......	First National Bank.
〃 ..	Pentwater	Nielsen & Co.............	....
OHIO...	Pomeroy	First City Bank..........	Fourth National Bank.

RECENT CHANGES OF TITLE, ETC.

(Monthly List, continued from April No., page 834.)

N. Y. CITY. Ketchum & Belknap; L. Ketchum retires. Style unchanged.
〃 . Speyer & Co.; admit William B. Bonn.

ALA.... Pike County Bank, *Troy;* sold to E. B. Wilkinson & Henry D. Green.

COLO... Chick, Browne & Co., *El Moro;* now Brown & Manzanares.

DEL.... Bank of Smyrna, *Smyrna;* now National Bank of Smyrna. Same officers.

ILL..... Stetson, Littlewood & Richards, *Farmington;* now Richards & Littlewood.
〃 .. First National Bank, *Prophetstown;* succeeded by Bank of Prophetstown.
〃 .. W. H. Riggs & Brother, *Saybrook;* succeeded by W. H. Schureman & Co.

MD..... J. A. Hambleton & Co., *Baltimore;* Joseph Smith retires. Style unchanged.

MASS... Bullens & Mixter, *Boston;* now George Mixter.
〃 .. Richardson, Hill & Co., *Boston;* admit Henry W. Dodd, late Cashier.

MICH... Holland City Bank, (Kenyon & Van Putten) *Holland;* now Jacob Van Putten & Son.
〃 .. Isaac J. Gray, (Oceana County Bank) *Pentwater;* succeeded by Nielsen & Co.
〃 .. Lee & Hannan, *Quincy;* now Charles R. Hannan.

MISS ... People's Savings Bank, *Meridian;* now People's Bank.

N. Y ... C. Pardee & Co., *Skaneateles;* C. Palmer, deceased. J. L. Clift, surviving partner continues. Same style.

OHIO... First National Bank, *Pomeroy;* now First City Bank. J. W. Chesnut, Cas.

PENN... Dunn, Smyth & Co., *Philadelphia;* Wm. M. Blakeslee retires. Style unchanged.
〃 .. Elliott, Sons & Co., *Philadelphia;* admit Wm. Elliott, Jr. Style unchanged.
〃 .. John C. Motz & Co., *Millheim;* title changed to Millheim Banking Co. A. Walter, Cashier.

DISSOLVED OR DISCONTINUED.

(Monthly List, continued from April No., page 835.*)*

N. Y. CITY. Sixpenny Savings Bank; William H. Russell, receiver.
" . Teutonia Savings Bank; enjoined.
" . J. R. Cecil & Co.; assigned to William H. Van Deventer.
" . S. M. Mills & Co.; suspended March 19, resumed business April 22.
" . Rütten & Bonn; dissolved.

ILL..... C. Follansbee & Son, *Chicago;* desire to pay liabilities and close bkg. business.

IOWA... Farmers and Mechanics' Bank, *Morning Sun;* failed.

MAINE.. Auburn Savings Bank, *Auburn;* propose to scale deposits.

MASS. .. Eleventh Ward National Bank, *Boston;* closing business.
" .. Charlestown Five-Cents Savings Bank, *Boston;* applies the "Stay law."
" .. East Boston Savings Bank, *Boston;* to pay only ten per cent. in six months and ten per cent. more in next six months.
" .. Emigrant Savings Bank, *Boston;* enjoined temporarily.
" .. South Boston Savings Bank, *Boston;* to pay ten per cent. in six months and ten per cent. more in next six months.
" .. Broadway Savings Bank, *Lawrence;* enjoined.
" .. Edward L. Baker, *New Bedford;* deceased.
" .. Newburyport Five-Cents Savings Bank, *Newburyport;* depositors may borrow 50 per cent. of their deposits, by pledging pass-books and giving two sureties.
" .. Seamen's Savings Bank, *Provincetown;* applies to Bank Commissioners to regulate the payments.
" .. Wellfleet Savings Bank, *Wellfleet;* to pay only ten per cent. in six months and ten per cent. more in next six months.

MISS.... Helm's Bank, *Canton;* closed.

N. H... Norway Plains Savings Bank, *Rochester;* deposits scaled down 16 per cent.
" .. Kearsarge Savings Bank, *Warner;* applies for order to hold 25 per cent.

N. J.... Republic Trust and Banking Co., *Newark;* retired, paid in full and closing.

N. Y.... Hicok, Barber & Co., *Homer;* failed. Assigned to Oliver Glover.

OHIO... Cincinnati Savings Society, *Cincinnati;* in liquidation.
" .. Citizens' Savings Bank, *Findlay;* suspended for sixty days.
" .. Hancock Bank, *Findlay;* suspended.
" .. National Exchange Bank, *Tiffin;* suspended temporarily.
" .. Wayne County National Bank, *Wooster;* closing.

R. I.... Coddington Savings Bank, *Newport;* enjoined.
" .. Franklin Savings Bank, *Pawtucket;* enjoined temporarily.

THE PREMIUM ON GOLD AT NEW YORK.

MARCH—APRIL, 1878.

1877.	*Lowest.*	*Highest.*	1878.	*Lowest.*	*Highest.*	1878.	*Lowest.*	*Highest.*
April	4¾	7⅞	Mch. 26	1	1⅛	April 10	⅝	¾
May	6¼	7⅜	27	1	1⅛	11	⅝	¾
June	4¾	6⅜	28	1⅛	1⅜	12	½	⅝
July	5⅛	6⅛	29	1⅜	1½	13	¼	½
August	3⅞	5½	30	1¼	1⅜	15	⅛	⅜
September	2⅞	4	April 1	1⅛	1¼	16	¼	⅜
October	2½	3⅜	2	1⅛	1¼	17	¼	⅔
November	2½	3⅜	3	1⅛	1⅛	18	⅜	⅜
December	2½	3⅜	4	1	1	19	Good Friday.	
1878.			5	⅞	1	20	⅜	½
January	1¼	2⅞	6	⅞	⅞	22	½	½
February	1⅝	2⅜	8	⅞	⅞	23	½	⅝
March	¾	2	9	¾	⅞	24	½	⅝

NATIONAL BANK AND LEGAL-TENDER NOTES.

STATEMENT of the Comptroller of the Currency, showing Issue and Retirement of NATIONAL BANK NOTES and LEGAL-TENDER NOTES, April 1, 1878.

NATIONAL BANK NOTES

Outstanding when act of June 20, 1874, was passed		$ 349,894,182
Issued from June 20, 1874, to January 14, 1875	$ 4,734,500	
Redeemed and retired between same dates	2,767,232	
Increase from June 20, 1874, to January 14, 1875		1,967,268
Outstanding January 14, 1875		351,861,450
Redeemed and retired from Jan. 14, 1875, to date.	$ 64,448,568	
Surrendered between same dates	9,340,598	
Total redeemed and surrendered	73,789,166	
Issued between same dates	42,689,110	
Decrease from January 14, 1875, to date		31,100,056
Outstanding at date		$ 320,761,394
Greenbacks on deposit in the Treasury, June 20, 1874, to retire notes of insolvent and liquidating banks		$ 3,813,675
Greenbacks deposited from June 20, 1874, to date, to retire National bank notes		75,585,087
Total deposits		79,398,762
National bank Circulation redeemed by Treasurer between same dates without re-issue		67,215,800
Greenbacks on deposit at date		12,182,962
Greenbacks retired under act of January 14, 1875		$ 34,151,288
Greenbacks outstanding at date		347,848,712

JNO. JAY KNOX, *Comptroller of the Currency.*

COINAGE OF GOLD IN GERMANY ON PRIVATE ACCOUNT.—The *Frankfurter Handelsblatt* gives recently some interesting information on this subject. It appears that since the alteration of the currency in Germany there has been coined, up to the end of December, 1877, on private account, gold coin of the value in fine gold of 237,250,000 marks, £11,862,500. This includes the amount coined on account of the Imperial Bank of Germany. Recently the coinage of gold for private persons has been on the increase. The rates of allowance for foreign gold coin by the Bank of Germany are stated to be on such a footing that, it sometimes answers better to a person who has such coin in his possession to take it to one of the mints to be recoined into twenty-mark pieces, notwithstanding the charge for minting and the loss of interest resulting from the length of time that the coin is in the possession of the mint, than to sell it to the bank. When a demand for gold for purposes of export arises in Germany, the same process will very likely have to be reversed, and the twenty-mark pieces which have thus been formed out of the coins of other nations will be withdrawn from Germany, and very possibly transformed again into coins of the same class as that from which they had originally proceeded. The actual quantity of English sovereigns which have been recoined in Germany, appears to have been but small, but the total amount which has been coined for other than Government account in the country has been very considerable, and it shows how great an assistance private enterprise and the natural course of business has been to the Government in establishing a gold currency in that country.—*London Economist.*

NATIONAL BANKS OF THE UNITED STATES.

March, 1878.

Abstract of reports made to the Comptroller of the Currency, showing the condition of the National Banks of the UNITED STATES, at the close of business on March 15, 1878; also on March 10, 1876, and March 1, 1875.

LIABILITIES.	1878. *March 15,** 2,057 *banks.*	1876. *March 10.* 2,091 *banks.*	1875. *March 1,* 2,029 *banks.*
Capital stock paid in	$473,352,541	$504,818,666	$496,272,901
Surplus fund	120,731,790	133,091,739	131,249,079
Other undivided profits	44,686,871	51,177,031	51,650,243
National bank notes outstanding	300,503,350	307,476,155	324,525,349
State bank notes outstanding	439,706	714,539	824,876
Dividends unpaid	1,201,902	1,405,829	1,601,255
Individual deposits	600,778,713	620,674,211	647,735,879
United States deposits	7,069,732	6,606,394	7,971,932
Deposits of U. S. disburs'g officers	2,772,223	4,313,915	5,330,414
Due to other National banks	123,212,457	139,407,880	137,735,121
Due to State banks and bankers	43,856,116	54,002,131	55,294,663
Notes and bills re-discounted	2,465,390	4,631,882	4,841,600
Bills payable	4,208,896	6,049,566	4,786,436
Aggregate Liabilities	$1,725,279,690	$1,834,369,941	$1,869,819,753
RESOURCES.			
Loans and discounts	$849,535,706	$950,205,555	$956,485,939
Overdrafts	3,428,090	——	——
U. S. bonds to secure circulation	343,385,350	354,547,750	380,682,650
U. S. bonds to secure deposits	12,924,000	14,246,500	14,492,200
U. S. bonds on hand	34,875,050	25,910,650	18,062,150
Other stocks, bonds & mortgages	34,358,562	30,425,430	28,268,841
Due from approved reserve ag'ts	85,750,508	99,068,360	89,991,175
Due from other National banks	39,628,587	42,341,542	44,720,394
Due from State banks & bankers	11,412,987	11,180,562	12,724,243
Real estate, furniture & fixtures	45,751,403	41,937,617	39,430,952
Current expenses and taxes paid	7,770,427	8,296,207	7,790,581
Premiums paid	7,763,682	10,946,713	9,006,880
Checks and other cash items	10,010,233	9,517,868	11,734,762
Exchanges for Clearing House	66,498,965	58,863,182	81,127,796
Bills of other National banks	16,228,151	18,536,502	18,909,397
Fractional currency	702,211	3,215,594	3,008,592
Specie	54,548,701	29,077,345	16,667,106
Legal-tender notes	63,873,732	76,768,446	78,508,170
U. S. certif. for dep. legal-tenders	20,605,000	30,805,000	37,200,000
Five-per-cent. Redemption fund	15,073,226	——	——
Due from U. S. Treasurer	1,155,112	18,479,112	21,007,919
Aggregate Resources	$1,725,279,690	$1,834,369,941	$1,869,819,753

* This statement is exclusive of five banks in Montana and one bank in Oregon from which reports have not yet been received.

NOTES ON THE MONEY MARKET.

NEW YORK, APRIL 23, 1878.

Exchange on London at sixty days' sight, 4.88¾ *a* 4.89 *in gold.*

In the House of Representatives at Washington, on April 20, the Committee on Ways and Means reported the new Internal Revenue Tax Bill, respecting which some facts are discussed elsewhere. The main features of the bill are a reduction of the tax on manufactured tobacco from twenty-four to sixteen cents per pound; a reduction of the tax on cigars from $6 to $5 per 1,000; a reduction on cigarettes from $1.75 per 1,000 to $1.25, and the restoration of the tax on income in excess of $2,000 per year, the rate of tax being fixed at two per cent. Before reporting the bill the Committee abandoned the graduated income-tax and fixed it at the uniform rate of two per cent. on all sums in excess of the amount exempted. The time fixed for the income tax provisions of the bill to begin their operation is July 1, 1878, special provision being made for the assessment and collection of the tax for the last six months of the present calendar year. It is estimated that the net result to the Treasury, should this bill pass, will be a decrease in the annual revenue of over $3,000,000, without taking into account the additional expense that will be incurred in collecting the income tax.

During the last fiscal year the quantity of tobacco which entered into consumption, and on which a tax of twenty-four cents per pound was paid, was about 113,000,000 pounds, and the number of cigars which paid a tax of $6 per 1,000 was over 1,800,000,000. The reduction proposed in the bill on these two articles and upon cigarettes would be on tobacco over $9,000,000, and on cigars and cigarettes $1,250,000, making a total of about $10,250,000. To enable the tobacco tax to be taken off, the tax on incomes is recommended by the Committee; but the vote is not unanimous. The two per cent. rate, according to the estimate of the Commissioner of Internal Revenue, would produce about $8,000,000 of yearly revenue. It will thus be seen that the net loss to the annual revenues by the passage of the bill just reported would be in round numbers about $3,000,000. Add to this the $9,000,000 loss which would result from the passage of Mr. Wood's tariff bill, according

to the estimates presented by the Bureau of Statistics, and the aggregate loss to the annual revenue of the Government through the legislation proposed by the Committee on Ways and Means would amount to about $12,000,000. Several formidable objections have been raised to the bill which, however, is not so severely oppressive as its first draft indicated. The tax on the dividends of banks and other corporations was originally to have been four per cent. The bill as reported has reduced this new tax on the banking business to two per cent.

The money market is less active and the rates are six to seven per cent. on call. One of the most gratifying illustrations of the stability of our financial system has been given by the events of the last few weeks. Notwithstanding the strain and pressure caused by the rapid progress of the country towards a specie basis, the banks and the money market are quiet, and there are few symptoms of financial trouble to indicate the perilous transition to which we have so long looked forward with apprehension. For reasons connected with the usual spring demand the rates of interest have risen, and the lenders of money are more scrutinizing and watchful in consequence of the failures, defalcations and breaches of trust which have been so numerous. But there is no appearance of monetary stringency, and the rates of interest already show a tendency to fall off. Some of the chief causes of that stability and ease for which our banking machinery is now so conspicuous are attracting much attention. One of these fundamental causes of strength is, of course, the large capital which is the basis of our banking movements. It is one of the benefits conferred on the country by the National banking system, in return for the privileges of currency issue with which Congress endowed the National banks. Formerly in this country, as elsewhere, the capital of the banking system was not so large in proportion to its liabilities. In England, the banking capital on which rests the stupendous mechanism of British banking, the capital stock of all the banks is much smaller in proportion to their liabilities. In France, in Germany, and in other nations of continental Europe, the statistics show that the capital of the banks bears in the aggregate a smaller proportion to the liabilities than in this country. Recently we compared some of the figures and exhibited them to our readers in detail, and the fact is undoubted and well established. We have often demonstrated the effects upon the strength and solvency of our banking system produced by the large reserves of cash which are required by law to be held by our banks. These reserves are also among the special benefits resulting to our financial stability from the National banking system. By law the National banks are compelled to hold a larger proportion of cash reserves than are held by any other banks, and just now the reserves are specially large. In many respects the situation of the money market is favorable to continued ease. The demand for money is limited. There is an increase in the legal-tender averages, showing a return of currency from the interior. Subjoined are the aggregates of the New York Clearing-House banks for several weeks past:

1878.	*Loans.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Deposits.*	*Excess of Reserve.*
March 30	$241,590,900	$38,767,600	$29,425,400	$19,912,300	$210,378,400	$15,598,400
April 6	240,649,100	36,620,700	26,637,000	19,944,600	204,633,200	12,091,900
" 13	236,018,400	35,486,900	28,666,100	19,959,200	201,926,600	13,671,350
" 20	232,113,400	35,935,900	32,186,000	19,982,900	202,053,400	17,608,550

The Clearing-House exhibit of the Boston banks for the past month is as below:

1878.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
March 23	$124,537,400	$6,294,400	$4,174,000	$69,503,900	$25,211,700
" 30	124,267,300	6,472,200	4,477,000	69,437,800	25,207,400
April 6	125,030,200	6,577,200	4,433,600	71,328,500	25,452,500
" 13	126,240,100	6,704,500	3,791,800	71,513,700	25,427,300
" 20	125,299,800	6,567,400	3,364,000	71,302,200	25,456,100

The Philadelphia bank statements for the same time are as follows:

1878.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
March 23	$58,226,716	$2,311,626	$12,262,085	$44,546,917	$11,015,929
" 30	58,197,278	2,359,978	11,453,567	43,703,883	11,071,302
April 6	58,971,947	2,367,819	10,382,460	43,355,521	11,107,270
" 13	59,008,491	2,247,293	10,903,667	44,068,538	11,124,752
" 20	58,705,684	2,023,587	11,028,622	44,198,730	11,151,566

The stock market has been active and the fluctuations in prices have been more frequent than has been usual of late. In United States bonds there have been a disposition to sell. At the close we observe some improvement. The negotiation with the Syndicate, which has been concluded on favorable terms by Mr. Secretary Sherman, appears to have had a good effect on the market for U. S. bonds at home and abroad. Of the ten millions of 4½ per cents. taken "firm" by the Syndicate, about half have been already sold. It is confidently expected that at least twenty millions of the whole fifty million loan will be disposed of in Europe. In this market the chief demand, at present, is for the sixes of 1881, five-twenties of 1865 and of 1867, and the fives of 1881. The subjoined table records the course of prices since the beginning of the year, and shows when the highest and lowest quotations were made:

HIGHEST AND LOWEST QUOTATIONS OF U. S. GOVERNMENT BONDS, JANUARY 1 TO APRIL 20, 1878.

	Range since Jan. 1, 1878 — *Lowest.*	*Highest.*	*Outstanding April 1* — *Registered.*	*Coupon.*
6s, 1881 ... coup.	105⅛ Feb. 25	107⅝ Apr. 6	$194,345,950	88,390,400
6s, 5-20s, 1865, new ... coup.	102⅝ Jan. 3	104¾ Apr. 5	48,552,650	58,304,450
6s, 5-20s, 1867 ... coup.	105 Feb. 6	107¾ Apr. 6	101,907,100	208,709,350
6s, 5-20s, 1868 ... coup.	106¾ Jan. 2	110¼ Apr. 12	15,887,500	21,577,800
5s, 10-40s ... coup.	103⅞ Mch. 1	108¼ Jan. 26	142,685,700	51,880,600
5s, funded, 1881 ... coup.	102¾ Feb. 25	106⅜ Jan. 24	226,337,800	282,102,550
4½s, 1891 ... coup.	101⅞ Mch. 1	104¼ Jan. 11	124,288,050	75,711,950
4s, 1907 ... coup.	100⅜ Apr. 13	102¾ Jan. 9	61,831,200	18,018,800
6s, Currency, 1899 ... reg.	117¼ Apr. 5	120¾ Jan. 16	64,623,512	—

For State bonds there is little demand. Those of Tennessee and Louisiana are rather more firm. The Governor of Virginia, in pursuance of the late Act, has issued his proclamation inviting the State creditors to fund their bonds into new ones, to bear three per cent. for eighteen years and four per cent. for thirty-two years. As the Act leaves it to the option of bondholders to accept the proportion or to refuse it the plan is not regarded with much favor. The bill to authorize $2,000,000 more of Cincinnati city bonds, to complete the Southern Railroad, has passed the Ohio Legislature. District of Columbia 3-65s are rather better and close at 75¼, after selling at 74 12th April.

The efforts for the repeal of the Bankrupt Act attract much attention throughout the country. The Senate Bill, repealing the present law, was expected to pass the House, but later advices do not confirm the rumor. The agitation is actively going on. Among the petitions is one from the City of New York,

which has over one thousand signatures. The signers affirm that though the intent of the law was to effect a prompt and equitable division of the bankrupt's estate among his creditors, and to afford relief to honest and unfortunate debtors, and those only, yet experience has proved that it does not prevent fraudulent references, while the possibility of obtaining a discharge without payment in full is a constant temptation to dishonest persons to contract large debts and then seek a discharge under this Act, or a compromise in part payment; and they further declare that this course of action is often facilitated by the collusion of creditors and dishonest attorneys; so that generally the practical effect of the law has been to destroy confidence on the part of capitalists and damage the credit system.

Railroad bonds are strong, and investors continue to select the securities of the best trunk roads as among the most safe and lucrative outlets for capital. Railroad shares are feverish and generally higher. The coal stocks show considerable improvement. The following are our usual quotations:

QUOTATIONS:	*March* 26.	*April* 2.	*April* 9.	*April* 16.	*April* 23.
Gold	101⅛	101⅛	100¾	100¼	100⅝
U. S. 5-20s, 1867 Coup.	107⅛	107⅛	107¼	107	107¼
U. S. 10-40s Coup.	105⅜	105⅜	105½	105⅝	105¾
West. Union Tel. Co.	79	80½	82⅛	82⅝	80⅞
N. Y. C. & Hudson R.	105¼	106¾	106¾	108½	106⅜
Lake Shore	64⅛	65¾	66½	68½	63¾
Chicago & Rock Island	102¼	104	72	105⅝	105¾
New Jersey Central	13¾	16¼	16	17⅜	16⅝
Del. Lack. & West.	52⅜	54	54⅞	57⅛	54⅝
Delaware & Hudson	51⅜	53⅝	54¼	56½	54½
North Western	44¼	4S¼	49⅛	53¾	50⅛
Pacific Mail	18¼	21⅛	20¼	20½	20¼
Erie	1c½	10½	11	12½	11½
Call Loans	5 @ 6	7	7	6 @ 7	5 @ 6
Discounts	5½ @ 8	7 @ 9	7 @ 9	6 @ 9	6 @ 8
Bills on London	4.87-4.88¾	4.86¾-4.89	4.86½-4.89	4.86½-4.89	4.87-4.89½
Treasury balances, cur.	$32,309,531	$31,014,119	$32,137,405	$33,077,065	$32,368,801
Do. do. gold.	$106,563,456	$109,502,443	$108,182,282	$108,041,381	$108,252,354

Mr. D. R. Whitney, President of the Suffolk National Bank, at Boston, has just completed an interesting history of that institution, which was established in 1818, and conferred upon the currency of New England and of the United States, for nearly forty years, benefits which can scarcely be over-estimated. Here and abroad, the Suffolk Bank system of redemption has long been regarded as an embodiment of the best methods which financial science has discovered for regulating the distribution and issue of convertible bank notes. Most of the features of this system of redemption have been adopted in our National bank organization, and their efficiency has been proved in Scotland, in England and on the Continent of Europe. One object of the book is, as the preface assures us, "to place on record a precise history of the Bank, and to give the credit of inaugurating and sustaining its foreign-money system of redemption to those to whom it justly belongs; the reputation of which has sometimes been claimed for those in no way entitled to it." In 1858 the Bank of Mutual Redemption, which had recently been established in Boston, became a redeeming agent for about one-half of the banks of New England, and the Suffolk Bank soon discontinued the regular business of counting and assorting country bank notes. Of this change much has been said, and the conflict of opinion

was bitter and prolonged. When the business of redeeming country bank notes was discontinued in 1858, the bank turned its attention to the regular business of discounting mercantile paper. It retained the accounts of a large number of New England banks, which had been its correspondents under the old system. On these accounts interest was paid. Till the panic of 1873, the bank paid an average yearly dividend of nine per cent., and it has accumulated a surplus of two hundred thousand dollars since its incorporation as a National bank. The panic found the bank in a strong condition. It was able to meet all its liabilities without resort to Clearing-House certificates. We shall notice Mr. President Whitney's valuable book hereafter in more complete detail.

The most unexpected of recent suspensions in this city was that of Messrs. Booth & Edgar, which occurred on April 1st. This house was one of the oldest in the sugar-refining business, and their credit was so high that they could readily borrow money at low rates. But their business having been carried on at a loss for more than a year, it was decided to suspend. Their liabilities are stated at $ 750,000, while their assets are very large, and it is expected that creditors will be paid in full, and that the firm will adjust their affairs without difficulty.

A disposition to compel some of the would-be repudiators to pay their honest debts is shown in a recent decision of Judge Treat, of the United States Circuit Court. A judgment was obtained against Franklin County, Mo., and execution issued, but no property was found to satisfy it. The county having made no provision for the payment of the bonds or interest, plaintiff prayed a writ of alternative mandamus, to compel the county court to levy a tax for that purpose. Defendant made a motion to quash the writ, but Judge Treat has denied it, saying, in his opinion: "There having been no revenue raised according to the allegations in the petition for the needed purpose, it is the duty of this court to compel a resort to the most effective mode of securing payment for the judgment of the creditor."

DEATHS.

At FAIRHAVEN, VT., on Tuesday, February 26, aged seventy-six years, JOSEPH ADAMS, President of the First National Bank.

At HARTFORD, CONN., on Wednesday, April 10, aged seventy-six years, JOHN L. BUNCE, Cashier of the Phœnix National Bank.

At NEW LONDON, CONN., on Wednesday, March 13, aged seventy-five years, CHARLES BUTLER, Cashier of the National Bank of Commerce.

At FORT REED, FLA., on Friday, March 22, aged thirty-nine years, HERMAN E. CURTIS, Cashier of the First National Bank of Winona, Minn.

At NEWTON, N. J., on Thursday, March 14th, aged sixty-eight years, HON. ROBERT HAMILTON, President of the Merchants' National Bank.

At WOONSOCKET, R. I., on Friday, March 1, aged seventy-one years, ELISHA T. READ, Cashier of the National Union Bank.

At PHILLIPSBURGH, N. J., on Saturday, March 16, aged seventy-five years, CHARLES SITGREAVES, President of the Phillipsburgh National Bank.

At JACKSONVILLE, FLA., on Saturday, April 13, aged fifty-two years, GEORGE I. N. ZABRISKIE, Cashier of the People's Bank of New York.

THE

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AND

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IS THE NATIONAL WEALTH DECREASING WITH BUSINESS DEPRESSION?

Certain aspects of this question, which we have lately discussed, continue to attract notice in England and France as well as in this country. In the *Economiste Français* a number of interesting articles have appeared, and in several American journals and reviews various writers have entered upon the difficult investigation. One of the most suggestive contributions is contained in a recent speech of the Hon. H. C. Burchard on the bankrupt law. He contends that there are two forms of industrial depression, of which one is much worse than the other, and that the complaints in this country of the decadence of National wealth depend upon a misinterpretation of the facts.

The Bureau of Statistics has announced that our exports last year exceeded our imports in value by more than 200 millions of dollars. This, with other statistical facts equally well known, demonstrates the absurdity of the opinion that the country is suffering the worst forms of industrial trouble. Is it possible for a nation which has such a plethora of every sort of material riches to be decadent in National wealth? Is not the fault in the demand rather than in the supply of products? Is it not the distribution of wealth rather than the production which is the seat of the present trouble? Such are the queries Mr. Burchard proposes, and if the knowledge of a disease is half the cure, it is extremely important for us to answer him correctly, and to make no

mistake in our analysis of the facts of the industrial and economic situation. It is self-evident that a great commercial nation which has more factories, more machinery, more skilled laborers, more railroads, more agricultural produce, more land in cultivation, more animals to work it and more labor-saving contrivances than it ever had before, and more in proportion to population also than it ever had, cannot be growing poor. The official figures show that the increase has been greater in the seven years since 1870 than in the ten years between 1860 and 1870, which are frequently cited as years of singular prosperity. The aggregate quantity of land under cultivation has increased from 90,000,000 acres in 1870, to 120,000,000 in 1877; that is to say, since 1870 we have created new farms covering 30,000,000 acres and yielding productive crops at the present time. The following table offers a comparative view of these elements of the national wealth which were reported in 1870 and in 1877:

COMPARATIVE STATISTICS OF NATIONAL WEALTH, 1870 AND 1877.

	1870.		1877.
Number of horses.............	7,145,370	..	10,329,700
Number of mules.,............	1,125,415	..	1,637,500
Number of milch cows........	8,935,332	..	11,300,100
Number of oxen and cattle....	14,885,276	..	19,223,300
Number of sheep..............	28,477,951	..	35,740,500
Number of swine..............	25,134,569	..	32,262,500
Bushels of wheat..............	235,884,700	..	360,000,000
Bushels of corn................	1,094,255,000	..	1,340,000,000
Bushels of oats...............	247,277,400	.	405,200,000
Bushels of barley..............	26,295,400	..	35,600,000
Bushels of rye................	15,473,600	..	22,100,000
Pounds of tobacco............	250,628,000	..	480,000,000
Bushels of buckwheat..........	9,841,500	..	10,500,000
Tons of hay.	24,525,000	..	31,500,000

To these statistics Mr. Burchard adds several additional facts. He points out that our cotton crop in 1877 was the largest since the outbreak of the civil war; that of coal we mined 29,000,000 tons in 1870, and 47,000,000 tons in 1877. Forty-seven per cent. of all the productive laborers in the country are farmers and are busy in the field, instead of filling the air with complaints of oppression of labor and the poverty of the country. In summing up the whole argument he says, "It is true there are individuals in distress. Always in the history of all countries there are increased failures upon a falling market. We have had, in this country, within thirty years, three periods of the inflation and decline of prices presenting similar phenomena and financial results.—A rise in prices until 1837, a fall until 1861, again a rise from 1861 to 1865, and from the latter year until 1869 a decline. Again an advance up to 1872, and down again to the present period. When there was an advance in prices men thought they were making money. If they held their property during all the period from the rise to the fall they

found themselves financially just where they were when they started; but if, during that period, they disposed of their property at the high prices, they gained, of course, by the advance. The purchaser must by the decline lose all that the seller has made, and his investment may and often does involve him in liabilities that the property itself will not suffice to discharge. Loss and failures are the inevitable result of a falling market, and they will be the heavier and more salutary when the inflation of prices above the usual rates has been the greatest. The country is in this condition to-day. It has returned from the speculative, unhealthy and fictitious prices of 1872 to real values and prices such as ruled prior to 1860. It is the necessary and unavoidable road to a sound business prosperity, and failures must attend speculative purchases and visionary schemes, and even well-planned enterprises and investments may be rendered profitless by a decline in prices."

It is hoped that our economists will give a more complete exposition of this fruitful subject. To meet the current sophisms and misconceptions of the popular mind in this country what is wanted seems to be not only an exhaustive statement and a correct appreciation of facts, but also a better method than science has yet discovered for measuring the precise force and value of the various circumstances which raise or depress the tidal current of the National wealth. Meantime it is a good service to the community to point out the fact that a nation may be growing in material wealth, although by the rise and fall of values, suffering and poverty may now and then prevail among large classes of people. Another economic point of fundamental importance is the necessity of discriminating between the symptoms of National decadence and prosperity, and of finding out whether the chief causes be in the paralysis of production or in the obstructed circulation and distribution of wealth. In cases where a nation is weakening or losing its productive powers, the evil lies deeper and is more likely to grow and to be permanent than in cases where the distribution and the forces pertaining to consumption are alone disturbed while the productive energies are sound. In the latter cases the trouble is more susceptible to curative treatment and has a tendency of its own to a conservative reaction and to give place to a better state of things. With regard to the United States, it is probable that Mr. Burchard is right in believing that, as there are two forms of industrial depression and two distinct causes of hard times, it is from the lighter and more temporary form of those evils that we are at present suffering. If this view is correct it suggests new and gratifying reasons for the anticipation of an early revival of industrial prosperity.

THE FOREIGN TRADE OF THE UNITED STATES COMPARED WITH THAT OF OTHER COUNTRIES.

The unexampled foreign trade of the United States is a gratifying proof of our productive wealth, and is the most cheering sign of a returning prosperity. We are prosperous, and when we find out this fact, we shall wonder at the unreasonable depression of business that has been permitted to exist for three or four years.

In commenting upon the favorable foreign trade of this country, we should bear in mind the two conflicting theories of "balance of trade." It is argued with plausibility, that a great excess of exports may be an indication of financial distress, and on the other hand a large excess of imports may be in settlement of debts held by the country having such an excess, and this is undoubtedly the explanation of the unfavorable balance of trade in Great Britain. But, however the theories may apparently conflict, it is not the less an assured fact, that a large increase in the favorable balance of exchanges of a country which is not increasing its foreign debt, is a healthy indication of sound financial condition.

The London *Economist* of April 20th, in commenting on the foreign trade of various countries, says: "There is one country, the trade of which stands in marked contrast to the rest of the civilized world, and that country is America," meaning the United States.

On the authority of the statistics of foreign trade of several nations given by the *Economist*, we have summarized the following. Comparing the imports and exports of 1872 with those of 1876, the changes in the balances of trade of the countries named are:

Belgium (decrease)	$ 31,500,000,	or 5	per cent. of the total trade.
France, "	123,500,000,	7	" " "
Italy, "	17,500,000,	3	" " "
Great Britain (dec.)	391,500,000,	12	" " "
United States (inc.)	273,000,000,	25	" " "

The *Economist*, however, makes a mistake in the statistics of the trade of the United States for 1876, giving a balance of trade in our favor of only eighty-two millions of dollars; whereas the correct statement is one hundred and sixty-three millions of dollars, or an increase of $353,000,000 in our favor from 1872 to 1876.

The foreign trade of the United States for the present year is even more favorable than for the year 1876, while that of the countries before named, is not improving.

For the first time in the history of New York city, the exports exceed the imports, and for the first four months of 1878, excluding specie, this excess is $19,687,000.

The port of New York generally imports about two-thirds

of the whole imports of the country, and its exports are nearly 40 per cent. of the aggregate; on this basis the exports for the whole country, at the present time, are almost two dollars for one dollar of imports; and we can reasonably expect a balance of trade of two hundred and fifty millions of dollars in our favor during this calendar year.

The production of gold and silver in this country, about one hundred millions of dollars a year, should be added to the balance of trade to make an accurate comparison with countries not producing silver and gold. On this basis our debt-paying power will increase three hundred and fifty millions of dollars this year, while France, Belgium and Great Britain have to anticipate a decrease of from seventy-five to one hundred millions of dollars during the same period. With our crops bountiful beyond the most fruitful year of the past, and with habits of economy and self-denial prevalent throughout the land, we must soon appear to be, as we really are, the most prosperous and favored country in the world.

REMEDY FOR THE EXCESSIVE TAXATION OF BANK SHARES BY THE STATES.

One of the numerous grievances complained of by the banks in regard to taxation is the inequality of the assessed valuation of their shares in the various states. The pressure of the fiscal burdens levied by the State governments on the banking business varies to a most extraordinary degree. The unequal rates of taxation have frequently been discussed, and yet but little has been done to remove the injustice which is so notorious that it has almost ceased to find intelligent defenders. Not only are these taxes more than twice as much in some States as in others, but they are heaviest in some of those parts of the country in which capital is most scarce and banking facilities are consequently the most needed. We have more than once offered the suggestion that, as the legislatures of the various States are slow to act, and as some relief can probably be obtained under the present law, a suitable case should be carried up to the Supreme Court of the United States, in order to establish some uniformity, and obtain, if possible, a part of the fiscal relief which is justly due to the banks. It is not improbable that this suggestion will be acted upon in some of the cases now pending in the West. Upon this subject we offered, last month, a few remarks in connection with Mr. Justice Baxter's recent decision in the U. S. Circuit Court for the Northern district of Ohio, in the case of the Merchants' National Bank of Toledo, Ohio, against the Treasurer of Lucas County in that State. Several inquiries have been made as to the grounds upon which that decision was based.

The complaint on the part of the bank was that while its shares were assessed at full value, all real estate and the personal property of individuals were assessed at thirty to forty per cent. of such value. The court held that such excessive oneration of bank shares was in violation of the constitution and laws of the State of Ohio, as well as of the provisions of the National Banking Law. The constitution of Ohio provides, Art. XII., Sec. 2, that "laws shall be passed taxing by uniform rule all money, credits and investments in bonds, stocks, joint stock companies or otherwise, and also all real and personal property, according to its true value in money." It is further provided, in Sec. 3 of Art. XII. of the constitution, that "the General Assembly shall provide by law for taxing the notes and bills discounted or purchased, moneys loaned, and all other property, effects or dues of every description, without reduction, of all banks now existing or hereafter created, and all bankers, so that all property employed in banking shall bear a burden of taxation equal to that imposed on the property of individuals." The laws enacted under these constitutional requirements provided that "each separate parcel of real property shall be valued at its true value in money, excluding the value of crops growing thereon; but the price at which such real property would sell at auction or at a forced sale, shall not be taken as the criterion of such true value." Yet in the face of these provisions, it appears that real estate was assessed at only forty per cent. of its "true value in money," and that such assessments were not the act of a derelict official board alone, but were a part of the accepted and avowed policy of the State, which has received legislative recognition and approval.

The United States law in relation to National banks is found in Section 5219 of the Revised Statutes which enacts that "the legislature of each State may determine and direct the manner and place of taxing all the shares of National Banking Associations located within the State, subject only to these two restrictions, that the taxation shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such State, and that the shares of any National Banking Association owned by non-residents of any State, shall be taxed in the city or town where the bank is located, and not elsewhere." The court authorized a decree permitting the bank to pay to the Treasurer of the County, or into the Registry of the Court, *forty per cent.* of the amount of the tax assessed against its shareholders, in accordance with the tender heretofore made, and on this being done, an injunction will be issued perpetually enjoining the collection of the remainder of the tax. The rate of tax was, for the State, 29 mills; for the county, 85 mills; and for the city of Toledo, 320 mills; in all, 434 mills. As we have already stated, it is probable

that the case will be carried to the Supreme Court of the United States.

The specific question here raised, has never, as yet, been adjudicated upon by the Supreme Court, and it is hoped that as little delay as possible will intervene before a final decision is sought. The counsel for the complainants, Messrs. Osborn & Swayne, have favored us with some of the papers in this case, accompanied by remarks in explanation, of which we hope to make use hereafter. In regard to the question how far this case has features which entitle it to general attention and give it importance outside of the State of Ohio, the following clear statement is given:

"So far as this case has any distinct and general application, it lies mainly in the character of the evidence presented. The rule of law is settled, and of obvious necessity, that when public officers or boards are by law charged with the duty of assessing values, courts shall not set to revise their alleged mistakes of judgment. That would be simply substituting for the judgment of men selected for their supposed fitness in this respect, the judgment of other men not chosen with this view. It is equally settled, and perhaps equally obvious, that when such officers or boards, adopt as the standard by which their estimate of values shall be fixed, a different rule from that prescribed by law, as for instance, a percentage of 'true value,' instead of the 'true value' itself, courts charged with the maintenance of law must notice such departure from the law. The reasoning and authority for this position are especially well stated in *Weeks* vs. *Milwaukee*, 10 Wis., 264, and pages following. The difficulty of the proof in such cases however, has made the cases rare in which practical benefit has been realized from this exception. In the case under consideration, an attempt was made to meet this difficulty with the testimony of the public officers themselves. In preparing to apply for a preliminary injunction the affidavits of a large number of assessors and members of assessing boards were quietly procured, in effect that property at large had been by themselves, and so far as they knew, universally, assessed at a percentage less than its true value. A little tact accomplished this easily; afterwards these could have been reduced to testimony, had not a stipulation that they might be read as testimony, obviated the necessity. This shut the court up to the dilemma of either refusing to notice a *confessed* violation of law, or granting relief to the complainants. Since this case was commenced, the Supreme Court of Wisconsin on like testimony, declared a whole assessment void. (See *Shoettler* vs. *Ft. Howard*, 6 Central Law Journal).

In the State of New York, the law requires that all property shall be assessed at its true value in money; that as to bank shares, the law is literally executed; that other and especially real, property is assessed at from one-half to two-

thirds its true value in money. Apparently it is this feature, common to the situation of your banks and bankers here, which gives to this decision its common application."

We have examined a number of cases to which it might be interesting to direct attention, in connection with the important points here raised, but we defer for the present the further citation of authorities.

SAVINGS BANKS AND THEIR DANGERS.

The history of the Savings bank system of the United States may be divided into three periods. The first extends to the beginning of the currency inflation at the outbreak of the civil war; the second terminates with the events which preceded and culminated in the panic of 1873; while the third of these periods opened in disasters which are but just beginning to pass away. During the first two periods, sound management for the most part prevailed in the Savings banks, and our people had become so accustomed to see the aggregate deposits of savings institutions increase from year to year that, until events disproved the theory, Savings banks were regarded as capable of an almost indefinite increase and extension. Hence, it is not surprising that, in the city of New York and elsewhere, such institutions were organized in considerable numbers, under the expectation that their managers could obtain control of large sums of money as deposits, of which at least seventy-five per cent. might be regarded as a permanent loan from the public. In a recent letter from Albany, Mr. Henry L. Lamb, the acting Bank Superintendent of the State of New York, exposes some of the aspects of this mischievous theory, whose evils are at last being effectually brought to a close by new legislation and efficient supervision. "Since November, 1871," he says, "twenty-two Savings banks in this city have been closed. They held over $12,000,000 of deposits. To their depositors these liquidating banks have paid almost $5,000,000 already, and the receivers now hold over $3,500,000 of assets for distribution. The most authentic information warrants the belief that the total loss by such failures will not exceed four and one-third million dollars in all those banks. Most of the insolvent institutions never should have been created, as they were established for the benefit of other people, rather than the depositors. A comparison of the results accomplished by the Savings banks in this city, in the last six years, with those that would have been reached had other investments been made of all the assets in such city Savings banks, shows that if the resources of the metropolitan Savings banks had been invested in United States bonds in December, 1871, the loss by shrinkage would now be $7,173,000, which is greater

by two millions and three quarters, than the loss by failures of Savings banks. If the assets had been invested in the best bank stocks, the loss would be now $ 35,000,000 ; if in the best dividend-paying railroads, the loss would be over $ 30,000,000 ; if in real estate, the loss would be from $ 40,000,000 to $ 50,000,000. In January, 1872, the surplus of the Savings banks in this city was $ 9,500,000. It is now more than $ 19,000,000. The surplus has doubled in spite of all shrinkage in values. In six years, from 1872 to 1878, the Savings banks in New York city have paid their depositors $ 55,750,000 of interest, which is almost $ 12,000,000 more than the proposed Government postal bond at four per cent. would pay in the same time. The conclusion is that the Savings bank system in the city of New York has done very well in view of the shrinkage in values and the number of spurious Savings banks created between 1866 and 1871." Such is the view of Superintendent Lamb. How far the public and the depositors coincide in this opinion will be best seen by the changes developed during the coming year. The chief aggregates of the banks in the State of New York, compare as follows in the reports for January 1, 1877, and January 1, 1878:

SAVINGS BANKS AGGREGATES OF THE STATE OF NEW YORK, JANUARY, 1877–78.

	Year ending January 1, 1877.	*Year ending January 1, 1878.*	*Decrease.*	*Increase.*
RESOURCES.				
Bonds and mortgages	$ 116,154,434 00	$ 107,973,299 00	$ 8,181,185 00	—
Stock investments	186,873,127 00	192,213,697 00	—	$ 5,340,570
Amount loaned on public stock	3,645,549 00	5,200,677 00	—	1,555,128
Amount reported as invested in real estate	10,367,794 00	11,215,402 00	—	847,603
Cash on deposit in banks or Trust Companies	14,314,936 00	12,915,208 00	1,399,728 00	—
Cash on hand not deposited in banks	5,201,297 00	5,466,444 00	—	265,147
All other assets (including loans on collaterals)	15,272,010 00	11,741,475 00	3,530,535 00	—
Totals	$ 351,829,147 00	$ 346,726,202 00	—	—
LIABILITIES				
Amount due depositors	$ 316,677,285 00	$ 312,823,058 00	$ 3,854,227 00	—
Other liabilities	975,259 00	1,852,594 00	—	$ 877,835
Surplus	34,176,603 00	32,050,550 00	2,126,053 00	—
Totals	$ 351,829,147 00	$ 346,726,202 00		
STATISTICAL.				
Number of institutions reporting	150	138	12	—
Number of open accounts	849,638	844,550	5,088	—
Number of accounts opened	187,677	183,461	4,216	—
Number of accounts closed	181,399	169,536	11,863	—
Amount deposited, including interest credited	146,532,529 00	133,989,986 00	12,542,593 00	—
Amount withdrawn	144,026,362 00	135,361,509 00	8,664,853 00	—
Amount of interest credited to depositors	16,457,347 00	14,926,868 00	1,530,479 00	—
Average of each deposit or account	372 72	870 40	2 32	—

In the Savings banks throughout the country there has been a notable decrease in the rate of interest paid on deposits. In Connecticut the annual report shows that

thirteen of the banks have paid six per cent, forty-six have paid 5½ per cent., sixteen have paid five per cent., seven have paid 4½ per cent., and five have either passed or paid very small dividends. The total number of the Savings banks is eighty-six, none having failed during the year. Subjoined is a summary of the reports:

STATISTICS OF THE CONNECTICUT SAVINGS BANKS.

Resources.	*Oct. 1, 1876.*	*Oct. 1, 1877.*
Deposits	$78,524,172 48	$77,214,372 36
Interest and surplus	2,579,024 30	2,649,701 85
Other liabilities	233,434 60	409,864 52
Loans on real estate	55,403,988 29	52,337,212 99
United States bonds	6,067,656 11	7,129,260 34
Bank stocks	3,850,906 70	3,801,939 73
Loans on stocks and bonds	2,109,052 05	1,683,574 38
Loans on personal security	2,606,214 78	2,830,672 60
Railroad stocks and bonds	1,009,276 18	902,595 68
State, town and city bonds	7,319,937 89	7,057,743 97
Real estate owned	767,218 93	2,208,474 97
Cash on hand in bank	1,916,430 00	2,009,361 47
Whole number of depositors	203,514 00	204,575 00
Average amount to each depositor	385 84	377 43
Average income from assets	6 35	6 39
Amount deposited	14,579,144 24	18,225,645 35
Amount withdrawn	12,544,282 17	19,501,689 33
Assets from which no income has been derived	844,192 23	1,634,782 23
Largest amount due single depositor	32,986 03	26,466 13

In regard to the complaints of Savings bank management, the Connecticut report offers some interesting remarks. It states that "the cost of management averages about one-third of one per cent., and as the State imposes a tax of five-eighths per cent. on deposits, compelling also the banks to lay aside a reserve of one-half per cent. a year until the whole reserve reaches three per cent. of the aggregate deposits, every bank is loaded by the State laws with fiscal burdens amounting to fully one-half per cent. on its total resources. As the State laws limit the interest on loans to six per cent., the net dividends earned for the depositors cannot exceed four and one-half per cent., incidental advantages and disadvantages not being taken into account. Before we criticise too severely, let it be remembered if small dividends are now received, that in days gone by, the receipts from this source were larger than ought to have been paid. A large portion of the deposits now in our Savings banks were made during a time of great financal derangement, and of great inflation in the circulating medium of the country. From 1862 to 1872, these deposits increased more than three hundred per cent., or from twenty to sixty-five millions of dollars, and this forty-five millions of increase, or a large proportion of it, had to be invested or loaned at times when the purchasing power of the money or currency deposited, as compared with gold, was twenty-five, fifty, or even one-hundred per cent. less than it is to-day. And if we could then have found time for only a moment's reflection, it could hardly have been anticipated that such an amount of money, under such a condition of things, would

have been managed with as favorable results; but where, even for the last four years, could money have been placed with surer or better results? To illustrate—suppose that in 1873, a depositor had drawn the five thousand dollars he has since continued in the Savings banks, and invested it in government securities, and is now obliged to realize on the investment, what interest or per cent. of gain will he receive? Or suppose he had then taken his five thousand dollars and purchased a home could he not four years after have purchased one equal to it for four thousand dollars or even three thousand dollars?" The Connecticut Bank Commissioners have arrived, it appears, at similar conclusions to those of Mr. Superintendent Lamb, of the State of New York, as to the general soundness and proportionate success of Savings bank management.

In New Hampshire the Savings bank deposits have fallen from $32,338,876 in 1877 to $28,793,947 this year, and the depositors number more than five thousand less than in 1876. The average deposit is smaller now than in any year since 1872. The rate of interest is not stated, but the report officially recommends a general rule fixing four per cent. as the maximum rate paid to depositors, and states that some of the banks have already adopted that rule. The report contains the subjoined interesting table showing the Savings bank movement since 1850:

STATISTICS OF NEW HAMPSHIRE SAVINGS BANKS.

Year.	*No. of Banks.*	*No. of Depositors.*	*Amount of Deposits.*	*Increase in Deposits over previous year.*	*Average to each Depositor.*	*Average to each Person in the State.*	*Population. (about).*
1850	12	13,031	$1,641,543 71	$76,972 76	$125 97	$5 16	318,000
1851	13	14,316	1,776,668 00	135,254 29	124 11	5 58	318,000
1852	15	15,771	2,009,619 42	232,849 42	127 42	6 32	318,000
1853	16	18,105	2,507,909 61	498,292 19	138 52	7 89	318,000
1854	16	20,145	3,222,261 52	714,351 91	159 95	10 13	318,000
1855	17	21,300	3,341,256 81	118,995 29	156 86	10 51	318,000
1856	19	23,489	3,537,363 31	196,106 50	150 59	11 12	318,000
1857	20	27,786	3,748,285 63	210,922 32	151 62	11 79	318,000
1858	21	23,463	3,588,685 23	*159,627 40	152 94	11 29	318,000
1859	23	26,762	4,138,822 40	550,164 17	154 65	13 01	318,000
1860	26	30,828	4,860,024 86	721,202 46	157 65	14 90	326,000
1861	26	35,590	5,590,652 18	730,627 32	157 08	17 14	326,000
1862	27	35,920	5,653,585 46	62,933 28	157 39	17 34	326,000
1863	27	39,358	6,500,308 07	906,722 61	166 68	20 12	326,000
1864	28	43,175	7,661,738 46	1,161,430 39	177 45	23 50	326,000
1865	29	43,572	7,831,335 .72	169,597 26	179 33	24 02	326,000
1866	29	42,894	7,857,601 03	26,265 31	183 18	24 47	321,000
1867	28	47,792	10,463,418 50	2,605,817 47	218 77	32 56	321,000
1868	31	55,218	13,541,534 96	3,078,116 46	245 12	42 18	321,000
1869	38	62,931	16,379,867 09	2,838,333 13	260 28	51 02	321,000
1870	45	70,918	18,759,461 05	2,379,593 96	264 52	59 00	318,000
1871	52	77,471	21,472,120 07	2,712,659 02	277 16	67 52	318,000
1872	54	86,790	24,700,774 47	3,228,653 37	284 46	77 06	318,000
1873	61	94,967	29,671,114 88	4,970,340 41	312 45	93 21	318,000
1874	64	92,788	28,829,376 83	*841,737 35	310 70	90 65	318,000
1875	68	96,938	30,214,585 71	1,385,108 88	327 37	93 00	325,000
1876	68	100,191	31,198,064 16	983,478 45	326 01	100 07	325,000
1877	67	97,683	32,338,876 55	1,140,812 39	327 70	99 50	325,000
1878	66	94,967	28,793,947 48	*1,256,267 10	303 19	91 36	325,000

* Decrease.

In Maine the Savings banks are sixty-four in number, of which four have been placed in the hands of a receiver, one of which is reported likely to pay sixty-five cents on the dollar, another ninety-five cents, the third seventy cents and the fourth seventy-five cents. With the Savings banks real estate is less in favor in Maine than in some other States of New England. The deposits of the sixty banks now doing business are reported at $26,898,432, invested as follows:

INVESTMENTS OF THE MAINE SAVINGS BANKS.

Assets.	1876.		1877.
Invested in United States bonds	$602,419 16	.	$982,869 47
Invested in State of Maine bonds	137,319 75	.	97,216 50
Invested in other State, county and municipal bonds.	8,849,042 19	.	8,843,807 10
Invested in railroad bonds and stocks	3,371,021 68	.	3,058,638 81
Invested in bank stock	998,749 25	.	1,018,049 25
Invested in real estate	464,131 92	.	805,009 64
Invested in miscellaneous stocks, etc	613,947 34	.	775,917 12
Loans on real estate	8,156,544 66	.	7,496,441 70
Loans on collaterals, etc	3,854,901 73	.	3,158,395 12
Cash	751,687 02	.	663,088 05
	$27,818,764 70	.	$26,898,432 76

During the year the deposits have fallen off $920,331, and the depositors 1,960. By law five per cent. is the maximum interest paid to depositors, and the banks have to set apart one-fourth of one per cent. of their deposits to a reserve fund. Seven-twelfths of the aggregate deposits stand to the credit of small depositors. The securities owned by the banks and paying no interest or dividends amounted to $1,105,955 last year, and this year to $940,150. On the important subject of taxation the report very judiciously suggests that a "deduction of one-fourth of one per cent. in the rate of taxation would very much relieve the banks in this regard, and my convictions are that such a reduction would be in accord with justice and in the interest of the State, believing that taxation upon bank deposits is really taxation levied upon trade, industry and business of the State." Subjoined is a comparative view of the growth of the Savings banks in Maine during the last six years:

STATISTICS OF THE MAINE SAVINGS BANKS.

Years.	*Number of Depositors.*	*Amount of Deposits.*		*Years.*	*Number of Depositors.*	*Amount of Deposits.*
1871–2	69,411	$22,787,802	....	1874–5	96,799	$29,610,193
1872–3	81,320	26,154,331	....	1875–6	90,621	26,726,170
1873–4	90,398	29,556,498	....	1876–7	88,661	25,092,872

In Rhode Island the reports of the Savings banks are not accompanied with any remarks which throw much light upon their condition. Among the statistics a table is given showing the largest amount due to any one depositor in each Savings institution in the State; the highest deposit on the list is $49,535; next follow nine other depositors varying from $32,571 to $20,015. The thirty-seven largest depositors present a total sum of $515,115. This statement illustrates

the extensive use which is made of the Savings banks of Rhode Island by capitalists and business firms. Subjoined is a table showing the progress of Savings banks in that State since 1868:

DEPOSITS IN THE SAVINGS INSTITUTIONS, STATE OF RHODE ISLAND.

Years.	*Number of Depositors.*	*Amount of Deposits.*	*Years.*	*Number of Depositors.*	*Amount of Deposits.*
1868	63,501	$24,408,635	1873	93,124	$46,617,183
1869	67,238	27,067,072	1874	98,359	48,771,501
1870	72,891	30,708,501	1875	101,635	51,311,330
1871	79,676	36,289,703	1876	99,865	50,511,979
1872	88,664	42,583,538	1877	99,646	49,567,997

The Massachusetts Savings banks included in the report for 1877 are 176 in number, three less than last year. The deposits 31st October, 1877, amounted to $244,596,614 and the surplus, including the guarantee fund, was $5,182,570. One bank which had the largest surplus last year $620,416 has paid an extra dividend and now reports a surplus of $24,632. The number of depositors is 739,757, showing an increase of 468 for the year. The maximum dividend allowed by the Act of 1876 is five per cent., and a number of the largest banks have already reduced the rate to four per cent. The investments in government bonds have increased during the year, and it is recommended that the tax on Savings bank deposits so invested should be removed. Loans on mortgage of real estate have decreased $4,910,066; but foreclosures have increased their aggregate $3,171,274. Loans on personal security are $950,345 less than in the previous year. These changes show that a conservative spirit is spreading amongst the managers of the Massachusetts Savings banks, which may partly check the disastrous tendencies of the new legislation on which we offered some remarks last month. Several banks are already announced to have availed themselves of the provisions of the new act, which did not receive the signature of the Governor till March 21st, so that it is not referred to in the report before us.

Investments in railroad bonds have decreased $1,012,457.44, about ten per cent.; and the decrease will probably be continuous as these investments mature and are paid. The Act of 1876 practically precludes investments in the bonds of most of the railroads, as now issued—not being first mortgage bonds. The percentage of assets in the different classes of investments is about as follows: Public funds and loans on public funds fourteen per cent. Bank stocks and loans on same, eleven per cent. Railroad bonds and loans on same, three and two-thirds per cent. Loans on mortgages of real estate, forty-six and two-fifths per cent. Invested in real estate, including foreclosures, threc and one-fifth per cent. Loans on personal security, thirteen and two-thirds per cent. Loans to counties, cities, and towns, four per cent. Deposits in bank on interest, two and three-fourths per cent. The following table is compiled from the report showing the

growth of the Savings bank system in Massachusetts during the last forty-three years:

STATISTICS OF THE MASSACHUSETTS SAVINGS BANKS, 1834–77.

Years.	*No. of Banks.*	*Number of Deposit Accounts.*	*Total Deposits.*	*Average Deposits.*	*Cost of Management.*
1834	22	24 256	$3,407,773 00	$140 09	$10,968 00
1840	31	37 470	5,819,554 00	157 98	17,952 00
1850	45	78 823	13,660,024 00	174 57	41,681 00
1855	80	148 263	27,296,217 09	184 10	77,757 00
1860	89	230 068	45,054,236 00	195 83	112,264 00
1861	93	225 058	44,785,439 00	198 99	123,886 00
1862	93	248 900	50,403,674 00	202 50	135,783 00
1863	95	272 219	56,883,828 00	208 92	140,713 00
1864	97	291 616	62,557,604 30	214 52	184,739 77
1865	102	291 488	59,936,482 52	205 62	203,348 56
1866	102	316 853	67,732,264 31	213 76	219,257 03
1867	108	348 593	80,431,583 71	230 73	254,225 79
1868	115	383 094	94,838,336 54	247 55	297,527 60
1869	130	431 769	112,119,016 64	259 67	339,271 57
1870	139	488 797	135,745,097 54	277 71	375,734 09
1871	160	561 201	163,704,077 54	291 52	429,080 09
1872	172	630 246	184,797,313 92	293 21	469,681 80
1873	175	666 229	202,195,343 70	303 49	547,518 83
1874	179	702 099	217,452,120 84	309 71	644,682 68
1875	180	720 639	237,848,963 21	330 05	661,503 92
1876	180	739 289	243,340,642 75	329 15	657,858 72
1877	179	739 757	244,596,614 18	330 64	671,728 23

The California Savings banks have had a career of notable prosperity. In San Francisco there are now twelve Savings banks, the two largest of which hold deposits of twenty-six millions of dollars, with 30,847 depositors. The total deposits are sixty millions of dollars, and the gross earnings of the last six months of 1877 were $2,822,993. The average deposit is $858. The statistics of several years past compare as follows:

SAVINGS BANKS OF SAN FRANCISCO.

	Depositors.	*Deposits.*	*Loans.*	*Gross Earnings.*	*Surplus.*	*Cash Reserve.*
Jan., 1878	$70,713	$60,631,371	$62,307,404	$2,822,993	$2,380,970	$2,326,148
July, 1877	78,779	62,230,929	63,212,489	2,890,650	2,485,951	3,035,607
Jan., 1877	75,496	59,608,650	60,441,205	2,813,543	2,429,845	2,334,738
July, 1876	72,544	57,676,248	57'471,116	2,847,270	2,433,289	2,481,836
Jan., 1876	68,972	56,260,964	56,657,408	2,943,388	2,486,039	2,726,576
July, 1875	67,997	59,133,909	60,886,503	2,911,849	2,457,974	1,501,193
Jan., 1875	60,660	55,021,177	56,112,999	2,557,151	2,232,567	1,529,211
July, 1874	55,711	50,843,159	50,527,270	2,369,926	2,048,391	2,688,916
Jan., 1874	51,807	46,745,044	46,857,239	2,266,224	1,949,610	1,905,591
July, 1873	49,305	43,731,223	43,137,027	2,233,890	1,911,694	1,880,133
Jan., 1873	46,060	42,474,935	42,828,962	2,091,113	1,818,406	1,174,364
July, 1872	42,999	40,369,405	40,258,918	1,967,692	——	1,588,044
Jan., 1872	41,590	37,033,377	36,542,628	1,986,322	——	1,559,548

The interior Savings banks of California are nineteen in number, with 22,034 depositors and $14,793,205 of total deposits. It thus appears that, in the whole State of California, the Savings banks hold $75,424,576, from 90,519 depositors, so that the average deposit is $833 in gold. The decline in the aggregate deposits is attributed to the agitation of the communists and to the business stagnation, want of confidence and industrial lethargy due to this and other causes. Subjoined are the statistics of the interior banks of California:

SAVINGS BANKS OF INTERIOR CALIFORNIA.

	Depositors.	*Deposits.*	*Loans*	*Gross Earnings.*	*Surplus.*	*Cash Reserve.*
Jan., 1878	$20,034	$14,793,205	$16,683,118	$921,523	$706,002	$1,899,419
July, 1877	23,320	14,791,781	16,760,305	932,762	708,326	1,405,241
Jan., 1877	25,127	14,116,422	15,800,520	962,192	721,882	1,817,536
July, 1876	23,375	13,244,515	15,968,692	967,731	743,811	716,884
Jan., 1876	23,743	13,765,460	15,711,158	1,001,341	779,707	1,068,602
July, 1875	23,936	13,435,194	15,166,548	933,167	709,264	794,845
Jan., 1875	23,594	14,002,426	14,856,568	888,214	2,579,028	1,345,905
July, 1874	22,199	12,089,895	12,929,196	798,194	2,284,898	1,147,579
Jan., 1874	22,139	10,862,563	11,939,630	760,649	2,233,351	1,058,155
July, 1873	20,354	9,745,922	10,617,513	686,940	1,194,339	927,991

One of the obvious suggestions from the reports under review is, the necessity and the advantage of complying with the request of the Comptroller of the Currency, forwarded some time ago to the legislatures of the various States, that they would make arrangements to collect the statistics of the various classes of our banks on a uniform plan. There can be no valid objection to this arrangement and it would enable the Comptroller of the Currency to present to Congress and to the country a much more complete annual record of the movements of the various parts of the banking machinery of the United States than has heretofore been possible. In another article we shall present further general statistics of the Savings banks. Our tables are not quite complete, as from one or two States the reports have not yet reached us.

BANK TAXATION IN CONGRESS.

Several bills for amending tax measures have been referred to the Committees of Congress, but the only revenue bill which, at present, appears likely to pass both Houses, is that reported some time ago by Hon. H. C. Burchard, of Illinois, from the Committee of Ways and Means. It introduces several important improvements in the machinery of the Internal Revenue Bureau, and it makes very little change in the present tax laws, except to regulate and improve the machinery of collection, so as to favor economy and efficient administration. The bill is regarded with some favor, and it will probably pass. It contains the following section which refers to banks and bankers :—

SECTION 18. Whenever and after any bank has ceased to do business, by reason of insolvency or bankruptcy, no tax shall be assessed against or collected from said bank, under the laws of the United States, which shall diminish the assets thereof necessary for the full payment of all its depositors ; and such tax shall be abated from such National Banks as shall be found by the Comptroller of the Currency to be insolvent ; and the Commissioner of Internal Revenue, when the facts shall so appear to him, is authorized to remit so much of said tax against State and Savings Banks as shall be found to affect claims of said depositors.

Several inquiries have reached us as to the Senate bill,

which was passed early in the session, to repeal the tax on insolvent banks. This measure was reported to the Committee of Ways and Means of the House of Representatives, who held that, as it was a measure affecting the revenue, and having no other purpose but to repeal taxation, it should have originated in the House. On this account the bill was not reported back to the House, but its substance re-appears in Mr. Burchard's Internal Revenue Revision Bill. This objection to the Senate bill is one which is not often urged. Still it is by no means new or without plausible basis. No doubt in its fundamental origin it was borrowed from the parliamentary rules of Great Britain. These rules apply the principle rigidly that no bill modifying taxation can originate in the House of Lords—which is the hereditary branch of the Legislature, and that all taxes must be voted in the first instance by the elective branch of the Legislature—which is the House of Commons. In this country, however, both branches of our National Legislature are elective, and the rule has never obtained the same predominance as in Great Britain. In 1871 this question was raised in connection with the income tax. On the 26th of January of that year, a bill passed the Senate for the repeal of the income tax, and when the measure was introduced into the House of Representatives, objection was made and the Constitutional provision was cited that all bills for raising revenue must originate in the House of Representatives. After a full discussion the House, on the 9th February, 1871, came to a vote on the question of taking up the Senate bill repealing the income tax, when the yeas were 104 and the nays 105. After a delay of some weeks the controversy ended, and on the last day of the session, March 3, 1871, the House passed the Senate bill, and thus terminated for a while the agitation for income tax repeal in this country. It is worthy of note that this same question of jurisdiction has been again raised at the very time when the income tax is once more proposed for re-imposition, and has thus been prominently forced upon the public attention throughout the country.

There is another bill before the Committee of Ways and Means which is quite germane to Mr. Burchard's bill, and which might very appropriately have been incorporated in it. We refer to bill 2,197, introduced by Mr. Hart, 14th January last, for the repeal of the war tax on bank deposits. Mr. Benjamin A. Willis and other members have also introduced bills into the House for bank-tax repeal. If the Treasury cannot spare the revenue derived from bank taxation all together, at least the mischievous tax on deposits should be, as soon as possible, taken off. To show how much the bank deposit tax brings into the Treasury from the National and State banks in various States and sections, the Comptroller of the Currency has compiled the subjoined table, which is more complete than any heretofore published on the subject:

TOTAL REVENUE FROM TAXES ON BANK DEPOSITS, 1877, IN THE U. S.

Deposit Taxes in EASTERN STATES.	*From National Banks.*		*From State Banks, &c.*		*Total Taxation.*
Maine	$31,637	..	$10,249	..	$41,886
New Hampshire	14,617	..	19,657	..	34,274
Vermont	18,408	..	8,546	..	26,954
Massachusetts	142,306	..	13,060	..	155,366
Boston	308,794	..	37,222	..	346,016
Rhode Island	42,282	..	90,937	..	133,519
Connecticut	78,159	..	98,180	..	176,339
MIDDLE STATES.					
New York	241,810	..	217,979	..	459,789
New York City	759,650	..	530,048	..	1,489,698
Albany	42,239	..	19,539	..	61,778
New Jersey	88,234	..	54,450	..	142,684
Pennsylvania	175,572	..	200,049	..	375,621
Philadelphia	236,861	..	147,040	..	383,901
Pittsburgh	67,605	..	49,420	..	117,025
Delaware	9,470	..	4,116	..	13,586
Maryland	13,224	..	1,774	..	14,998
Baltimore	65,338	..	36,268	..	101,606
District of Columbia	2,116	..	89	..	2,205
Washington	6,451	..	16,177	..	22,568
SOUTHERN STATES.					
Virginia	26,416	..	33,063	..	59,479
West Virginia	6,502	..	19,643	..	26,145
North Carolina	13,689	..	4,395	..	18,084
South Carolina	11,877	..	4,938	..	16,815
Georgia	10,236	..	18,982	..	29,218
Florida	740	..	1,280	..	2,020
Alabama	4,795	..	8,121	..	12,916
Mississippi	——	..	6,524	..	6,524
Louisiana	——	..	226	..	226
New Orleans	35,486	..	26,099	..	61,585
Texas	8,590	..	22,984	..	31,574
Arkansas	1,374	..	1,603	..	2,977
Kentucky	18,659	..	31,782	..	50,441
Louisville	17,500	..	30,043	..	47,543
Tennessee	27,639	..	14,487	..	42,126
WESTERN STATES & TERRITORIES.					
Ohio	103,756	..	79,087	..	182,843
Cincinnati	45,601	..	40,543	..	86,144
Cleveland	23,191	..	34,386	..	57,577
Indiana	73,139	..	45,623	..	118,762
Illinois	87,978	..	83,135	..	171,113
Chicago	119,855	..	43,598	..	163,453
Michigan	38,412	..	24,625	..	63,037
Detroit	15,662	..	30,048	..	45,710
Wisconsin	22,984	..	18,526	..	41,510
Milwaukee	13,439	..	31,412	..	44,851
Iowa	44,399	..	43,507	..	87,906
Minnesota	26,782	..	12,441	..	39,223
Missouri	18,920	..	52,863	..	71,783
St. Louis	41,325	..	117,082	..	158,407
Kansas	11,590	..	14,793	..	26,383
Nebraska	14,172	..	6,088	..	20,260
Colorado	15,172	..	4,949	..	17,121
Nevada	——	..	8,090	..	8,090
Oregon	5,266	..	6,397	..	11,623
California	7,923	..	103,845	..	111,768
San Francisco	8,122	..	289,960	..	298,082
New Mexico	2,398	..	175	..	2,573
Utah	1,355	..	2,941	..	4,297
Idaho	582	..	105	..	687
Montana	4,935	..	409	..	5,344
Wyoming	1,125	..	383	..	1,508
Dakota	471	..	696	..	1,437
Washington	——	..	1,475	..	1,475
Arizona	——	..	23	..	23
Grand Total	$3,474,361	..	$2,876,115	.	$6,350,476

RECAPITULATION.

Deposit Taxes in	*From National Banks.*	*From State Banks, &c.*	*Total Taxation.*
Eastern States	$636,503	$277,851	$914,354
Middle States	1,908,570	1,278,889	3,187,459
Southern States	183,503	224,170	407,673
Western States and Territories	745,785	1,095,205	1,840,990
	$3,474,361	$2,876,115	$6,350,476

It is hoped that an amendment will be introduced into Mr. Burchard's bill, giving it a wider scope and a more beneficent operation by the repeal of the deposit tax to all banks as well as to those banks which may have become insolvent. The American Bankers' Association are making special efforts for this purpose, and the latest reports seem to render more probable the repeal this session of a part, if not the whole, of the National taxation of the banking business. The foregoing table shows that the deposit tax, in its relative pressure, operates as mischievously in the South and West as in other sections of the country. Its removal would give a wholesome impulse to business facilities throughout the country, without depriving the Treasury of any notable amount of revenue. The losses of the banking business have become of late so heavy as to amount to almost twice as much as the aggregate taxation imposed on the banks by both the State and National Governments. Last year more than thirty-five millions of dollars are estimated to have been lost in bad debts by our banks throughout the country. The National banks alone incurred losses amounting to twenty millions of dollars, and the other banks are believed to have suffered very nearly an equal amount of loss. The natural consequence of these reverses has been that among the banks, both in the cities and in the country, an increasing number of institutions are paying smaller dividends, and one in ten of our National banks pay no dividends at all. The Hon. John Jay Knox gives official proof of this statement in his last report. He shows the number of banks which have paid no dividends in each of the States. The aggregates are as follows and offer a suggestive comparison with the aggregates of taxation given above:

NATIONAL BANK CAPITAL WITH NO DIVIDENDS—1876–1877.

Geographical Divisions.	*Six months ending Mar. 1, 2876.* *No.*	*Capital.*	*Six months ending Sept. 1, 1876.* *No.*	*Capital.*	*Six months ending Mar. 1, 1877.* *No.*	*Capital.*	*Six months ending Sept. 1, 1877.* *No.*	*Capital.*
		$		$		$		$
New England	26	3,777,000	32	7,700,000	25	8,150,000	35	9,085,000
Middle States	56	10,700,020	64	16,135,725	73	12,742,000	92	15,573,200
Southern States	29	4,135,000	34	4,399,000	27	3,720,000	30	4,236,000
Western States	113	14,778,300	129	13,873,000	106	14,090,000	118	10,737,000
Pacific States & Territories	11	900,000	14	1,950,000	14	1,750,000	13	1,535,000
United States	235	34,290,320	273	44,057,725	245	40,452,000	288	41,166,200

It may surprise some of our readers to be informed that

members of Congress, some of them with considerable experience upon important committees, imagine that the tax on circulation is all the Federal taxation imposed upon the banks by the National Government, and that if this were repealed the banks would pay no taxes to the Treasury. To show the facts of the case, we published on page 462 of our last December number, the Comptroller's tables of the amount yielded by the various taxes on the National and State banks during the last fourteen years. There is now good ground for the assertion that a large number of important banking institutions cannot continue to do business, if, in addition to their State taxation, they are hereby burdened with the present Federal taxes on deposits. On grounds of public policy, therefore, Congress ought at once to give relief to the banking business and to the commerce and industry of the country to the extent, at least, of repealing the present tax on the deposits of National and State banks, savings institutions and private bankers. The necessity of this repeal is well argued by Mr. W. E. Gould, Cashier of the First National Bank of Portland, Maine, in the following extracts from the address to the Committee of Ways and Means, presented recently by the American Bankers' Association, at Washington:

"With the question of tax upon circulation, we have nothing to do. We will admit that if the Government grants a right to issue a substitute for money, a proper royalty should be paid for the privilege, and although to the bankers the price insisted upon seems large, yet it is wholly voluntary with the contracting party whether to continue to issue and pay for the privilege or to desist. But we conceive the question to be very different when the tax upon deposits is considered. We shall contend that the cases are wide apart; and because a tax may justly be laid upon circulation, it does not in any way follow that deposits should be made the subject of any tax. We shall urge, moreover, that if a tax is put upon deposits it is an immoral action, wrong on the part of a government; unjust as a species of legislation; unsound in principle; unfair to those who, by an unrighteous law, are compelled to submit. Deposits are the accumulation of funds, surplus moneys, and balances that are for the time being withdrawn from active use, or that may be awaiting a use. As a rule they represent the idle money. And it does not weaken this definition if it be contended that parties with whom the deposits are made do actually get a benefit by the use of the idle money of others. Only this inference can be drawn: that *loans* should be taxed; that is, the operation by which the banker makes his money out of another's trust; *that* should pay a tax, and not the money which is put into a resting place. But it is not true, in fact, that all the idle money thus entrusted to a place of safety is

actually loaned. And we therefore ask by what process of fair reasoning should idle money be subject to royalty? Will it not follow that a premium is thus offered to the people not to save, but to be prodigal, and spend from day to day money which should be kept against a time of need or a favorable venture in legitimate business? The very construction of our National Banking Act is in direct contradiction to the law compelling taxation upon deposits. For, by that Act, no bank can loan all its deposit; the Section declaring the amount of legal reserve to be maintained at all times is, on its very face, a rebuke to that other section of another law, which declares that all the money held by a bank, for whatever purpose, shall pay a tax of one-half of one per cent. Let us ask, very emphatically, what possible good to any bank is the fifteen to twenty-five per cent. which must, under all events, be kept back from active use? If we must be taxed upon deposits, then let there be decency and logic in the law. For neither decency nor logic can grind out more than that seventy-five or eighty-five per cent. should be the amount assessed. And if it be replied that the banks make their profit out of the whole deposit in one way or another, then let the principle be exact, and impose a tax upon the amount actually loaned. The deposit account is not the place at which taxation can begin. The deposits really represent a large number of people, and by no means rich people or capitalists in all cases. They are not the sinners, simply because they want to have their idle funds kept for them. But a borrower should pay, and pay the exact value of money at the time he borrows, and this exactness will include the tax.

"It will be seen therefore, that a tax assessed upon the whole of a deposit account, is immoral, in that a tax is assessed upon a larger sum than is used. And hence the people are dealt unfairly with by this immoral practice of the Government. For as money will surely find its level, and as the borrower is the scape-goat of the nation's sin, he will certainly be compelled to pay for his money, not only the actual value of the money, but also his proportion of the tax. Not a tax assessed on three-quarters of the deposits, but his share of the whole. So that in the end the poor become poorer than they should. This may be easily illustrated by the supposition that the tax was five per cent. on deposits. Would money loan any lower than now? Would not the rate be increased by an amount equal to the tax, and the borrower be the victim in the end? Nor would the condition of things be at all changed if every National bank were wiped out. The crime lies back of this act. The trouble is inherent in the principle of taxing money stored, saved, kept, rather than in levying upon that which is put to active use? And no one is mad enough to put all the sin of lend-

ing money at the doors of the National banks. Blot them all out, and would money rule lower than at present?

"We may, therefore, safely remark, that a tax upon deposits is immoral or unjust, in that it discriminates against the borrower; the man is injured more than the corporation is bled, and neither of them have exact justice shown to them. But it may be still further remarked, that no action can be justly taken in a republican form of Government, which has a tendency to lower the public morality. If it can be shown that a law is debasing in its tendency, then it is equally demonstrated that the law is unjust, and should not exist. The basis of law is justice and morality. Not alone that which is precise in its duty from a citizen to a ruler judged by the ruler's power, but also, that which is just and righteous; and the latter term includes results as well as principles. At this point we contend that the law which levies a tax upon deposits is unjust and unrighteous, because its tendency is to produce evasion; a lowering of confidence in the law-maker and a blunting of the popular conscience. The tendency of any unrighteous law is to provoke an effort for its repeal, and failing in that, human ingenuity will devise means to evade its rigor.

"Fresh examples of this principle are before us as applied to legislation against other interests, and we can also point to the large reduction of the capital stock of many banks to escape an oppressive State law. And it should not be a matter of indifference to our law-makers when they perceive the united action of over twenty-two hundred banks, with the hosts of respectable, fair-minded men connected therewith, crying out as with one voice against a law which they declare to be both unjust and immoral. These men are not wholly actuated by low motives. They have ideas outside of their counting rooms, and possibly may be good judges of what is right for all classes; they are daily brought into closer contact with men than is the average law-maker who may be working from a theory outward, rather than from men, inwardly. The question is not, how can the Treasury of the United States be filled in the easiest manner, but how can an exact justice be maintained in all matters where direct taxes must be imposed. Nor is there much show of statesmanship in striking at the most available source of revenue. A regiment of artillery might force every bank in Wall Street, and make one general delivery of treasure for a pressing necessity of the Government; but such action would be neither just nor decent. There are persons who think upon these things; who feel that justice and decency are not bounded by the size of an operation so much as by the principle beneath. And there are those who fear that, if a true equity and morality is not taught by our legislators, then we need not wonder if the people, who have so much less of virtue, fall into a very evil way."

OUR COINAGE LAWS.

III.

THE MOTIVES AND DESIGN OF THE ACT OF 1853.

The coinage act of 1834 had the effect it was designed to produce. For many years before it was passed there had been no gold in circulation. The avowed object of those who originated the legislation was to restore the double standard practically, by making the gold dollar worth only as much as the silver dollar. Towards the close of the period of agitation the direction of the movement was assumed by politicians who cared very little for the double standard, but a great deal about the introduction of gold into the money supply. It was this last party which, as we saw in the preceding paper on this subject,* carried the day; being assisted by those friends of bi-metallism who could persuade themselves that the ratio of 16 to 1 did not greatly overvalue gold. Both the factions that united to pass the act of 1834 desired to see gold form a part of the currency.

As we have said, the act did not disappoint their expectations. The coinage of gold began on a rather extended scale soon afterwards and it speedily formed a large part of the money in circulation. The coinage of silver varied, but whenever the market price of silver rose there was an exportation of the coins of that metal; and thus the country gradually lost its silver supply. For a great part of the time the most of the small change in use consisted of worn Spanish silver. On the whole, however, the inconvenience was not great enough to cause public complaint for long at a time, until after the discovery of the California stock of gold.

There is no doubt that for a time at least the new supply of gold depreciated the value of all the gold there was in existence. It was not a large decline, whether the value of gold be measured in silver or in merchandise generally, but it was sufficient to finish the work of clearing the country of full-weighted American silver, and to attract the attention of Congress to the necessity of applying a remedy to the evil by a fresh change in the coinage laws.

The first official notice of the scarcity of silver change seems to have been taken in the report of the Secretary of the Treasury, Thomas Corwin, in his annual report for 1851, which was not, however, sent to Congress until January,

* BANKER'S MAGAZINE, for May, 1878.

1852. After calling attention to the different rating of gold and silver by the laws of Great Britain, France, and the United States, the Secretary remarked that the consequence was that "so soon as the state of our foreign commerce, as is now the case, requires the exportation of specie, it is obvious that our silver coin must be exported whilst it can be procured, till the demand for exportation is supplied." He then recurred to the method adopted by Great Britain to keep its silver coin. "The great over-rating of silver," he said, "has not, of course, been the result of either miscalculation or mistake, but was brought about by design, and with the same views which it is believed will render it necessary for us to adopt a similar plan in order to retain and maintain a silver currency." Again:—

"There seems to be but one immediate and direct remedy for this evil, and that is the one which has already been adopted in Great Britain, of changing the relative value between gold and silver coin by reducing the intrinsic value of the latter. The opinion of the officers of the mint (in which judicious persons, whose opinions are entitled to great weight, concur) is, that this change could be advantageouly made by making the dollar weigh 384 grains, and the smaller coins in proportion; so that 800 ounces of such coin should be worth by tale exactly $1000. The Director of the Mint, in a communication on the subject, says: 'If such a scale of weights were adopted, the relation of silver in such pieces to gold would be as 14.884 to 1; and if the present true relation or bullion value is about 15.675 to 1, the new proposed silver coin would be overvalued by law about five per cent., a very small advance, and far less than in British silver, or in the worn Spanish coin which now monopolizes our circulation.'"

The Secretary thought that in adjusting the coinage, account should be taken of the depreciation of gold that had already taken place, and that which was likely to occur, as justifying a still greater overvaluation of silver than that which he professed. He added:

"If this plan is adopted by Congress, it, of course, will involve the necessity of making silver coin a legal tender only for debts of small amount, say not exceeding ten dollars, which is about the same limit (forty shillings) which has been established in Great Britain."

Here we have directly foreshadowed the action which Congress took during the then current and succeeding sessions. The policy suggested was a complete and final abandonment of the principle of the double standard, and a full and unreserved adoption of the English system. It is to be observed that in this report Mr. Secretary Corwin proposes the reduction of the weight of *the dollar* as well as of the smaller coins. That feature does not appear in the act of 1853, but the reason for its omission is easily to be discovered, and it is not the reason which the advocates in our day of the dollar of the fathers assert.

The suggestions in the report which we have quoted were referred to the Senate Committee on Finance. Mr. Hunter, of Virginia, made a report from that committee, on the 8th of March, which has been quoted some hundreds of times in

the recent discussion over remonetization, although it may be reasonably doubted if one in forty of those who have cited the report ever read it. The "Silver Commission" discovered a sentence in the report which seemed to be favorable to the scheme it was the object of the commission to promote, and remorselessly took it out of its connection and printed it. That one sentence is all that anybody has to this moment deemed it worth while to quote from the document. It is not the intention here to intimate that Mr. Hunter was not then, as probably he is to-day, a partisan of the double standard; but only to assert that the spirit of his report cannot by any fair reading be used in support of such a a measure as was the remonetizing act of 1878. On the contrary, if the principle of the report were acted upon the coinage of silver dollars would instantly stop.

Mr. Hunter argued the question of standard at some length but not with much force. He was, as has been said, ardently in favor of the dual standard. He, nevertheless, saw and admitted the evils that had resulted from the undervaluation of silver by the act of 1834 and with the cause and effect fully in mind, and with a strong desire to re-establish the double standard, he did not propose a measure to secure that result by a change in the silver unit of value, but distinctly, and for a reason that was given, postponed that matter. "To afford the country the benefit, to some extent, of both metals as a standard of value, it is proposed to diminish the quantity of silver in the half-dollar and coins of smaller denominations, by about 6.91 per cent." Then, after a reference to the British system, on which the bill accompanying the report was confessedly based, he continues:

"To secure the use of a silver coin, in place of small notes, for the minor transactions of commerce, it is proposed to make this coin a legal tender for sums not exceeding five dollars, and to receive it in payment of public dues. This, however, does not secure the full benefit of the use of silver as a currency, unless we were to adjust its legal value to that which it bears in the market; but as no relation between the market values of the two metals has so developed itself as to promise to be permanent, it might be dangerous to attempt at present to disturb the existing law. Whenever the relation between the market and mint values of gold and silver shall promise a reasonable degree of stability, there can be little doubt but that there should be a readjustment of the mint values of these metals."

This extract, in which the reference is plainly to the dollar, sufficiently explains the motive of the committee in drafting the bill, but two other brief extracts, also relating to the units of value, will make it still clearer:

"If it was deemed expedient to use silver only as a token, then it would be safer to adopt a greater measure of diminution than that recommended by the Secretary of the Treasury, so as to accomplish the object with greater certainty. But if it is thought expedient to preserve the double standard, and to readjust it when the relations between the two metals promise to be more permanent, then it is desirable to make no greater deviations from the true value of silver than may be necessary to accomplish the object of retaining a specie currency for small transactions." . . . .

"But notwithstanding these considerations, the committee have determined to adopt the recommendation of the Secretary of the Treasury, which will at least accomplish the end of giving the community a currency of silver tokens, instead of one of bank notes of small denominations. The great measure of readjusting the legal ratio between gold and silver cannot be safely attempted, until some permanent relations between the market values of the two metals shall be established."

Can there be any doubt as to the meaning of these passages? The committee desired to establish and maintain an honest double standard. They did not delude themselves with the idea, so prevalent in our day, that a law establishing a ratio between the two metals would affect the relative prices of gold and silver. Indeed they were at that moment in the face of difficulties arising solely out of the impotence of a law to influence the market values, and those were the very difficulties they were called upon to remedy. They also conceded the impossibility of fixing at that time any ratio that would stand the test of a trial. In the hope that a permanent relation between gold and silver would, by and by, establish itself. they postponed the question of the dollar, and devoted their attention to the small coins. In this they distinctively departed from the recommendation of Mr. Corwin. For the time no harm would be done by neglecting to readjust the units. The country was on a gold basis, and the silver dollar was more valuable by several per cent. than the gold dollar. Mr. Hunter and his committee virtually conceded the necessity of changing the amount of silver in the dollar at some future time, but it was a problem they declined to attack until a reasonably permanent market ratio had developed itself.

The bill reported by the finance committee was passed by the Senate at the same session, unamended, and as far as is known, without a word of criticism or debate. It was urged upon the attention of the House by President Fillmore, in his annual message at the opening of the session of 1852–3. The matter was referred to the Ways and Means Committee, and was reported early in the session, on the 1st February, 1853, by Mr. Dunham of Indiana, with numerous amendments, only one of which need be mentioned here. The senate bill made the new silver coins a legal tender for sums of five dollars and under. The Ways and Means Committee proposed instead a clause making them receivable for all public dues, but not a legal tender at all.

Mr. Dunham opened the debate on the bill in a long explanatory speech. In answer to an interruption by Mr. Hall of Missouri—for even then Missouri had begun to contribute its financial wisdom liberally to the nation—Mr. Dunham said that the object of the amendment to which we have referred was to do away with silver altogether as a standard. If the bill stood as the Senate left it, "we would thereby still continue the double standard, a thing the com-

mittee desire to obviate. They desire to have the standard currency to consist of gold only, and that these silver coins shall be entirely subservient to it, and that they shall be used rather as tokens than as standard currency."

The significant thing about this passage is the absence of any reference to the silver dollar. The Committee of Ways and Means regarded the attribute of limited legal tender attached by the Senate to the minor coins, as maintaining the double standard. In order to abolish the dual standard they proposed to deprive the coins of a half-dollar and under of all legal-tender quality. If we take their view of the matter, only so much of the double standard was preserved after the bill under discussion was passed, as is implied in the legal tender up to five dollars of the fractional silver coins.

That Mr. Dunham and his committee believed that the bill in either form virtually abolished the double standard, is evident from the following passages in his speech:

> "Another objection urged against this proposed change," [*i.e.*, the reduction of the weight of the minor coins,] "is, that it gives us a standard of currency of gold only. We sometimes become attached to old forms and usages, and obstinately insist upon continuing them, without considering the reasons for their adoption, or the propriety of their continuance. What advantage is to be obtained by a standard of the two metals, which is not as well, if not much better, attained by a single standard, I am unable to perceive. . . . . Wherever the experiment of a standard of a single metal has been tried, it has proved eminently successful. Indeed, it is utterly impossible that you should long at a time maintain a double standard. . . . . Gentlemen talk about a double standard of gold and silver as a thing that exists, and that we proposed to change. We have had but a single standard for the last three or four years. That has been, and now is, gold. We propose to let it remain so, and to adapt silver to it, to regulate it by it. This is eminently proper. Gold is the production of our own country: silver is not. Let us use our own productions, and, so far as that use can, increase its value. Why should we leave our own to use the productions of a foreign soil when we can gain nothing by so doing?"

The bill was debated during the "morning hour" of several days. Among those who took part in opposition to the measure the most prominent was Mr. Andrew Johnson of Tennessee, whose speech was characteristic. He would not use epithets in reference either to the bill or its authors, but he denounced the measure as the product of quackery and charlatanism. He did not oppose it on principle, (except so far as to maintain that the Constitution conferred no right upon Congress to make anything a legal tender,) but as being ineffectual. Neither his speech nor those which were made after it offer any quotable passages, but the debate is well worth reading. The noticeable fact through it all is that neither advocates nor opponents of the bill had a word to say in favor of the double standard, and that it was tacitly admitted by everybody that the single standard of gold was established by the bill. The time had come when the

step deprecated by the committee of the House of Representatives in 1819, could be safely taken—"the law only confirmed the change which has been made by custom."*

The debate came to an end on the 15th of February. The amendments of the Committee of Ways and Means were all rejected, several attempts to kill the measure were defeated on roll-call, and the bill was passed on a rising vote, ayes 94, noes not counted.

A limited search only has been made for newspaper comments upon the measure while it was pending, and only one expression of opinion has come to light. The New York *Tribune*, in its issue of the 7th of February printed an article which easily reveals its authorship. Mr. Greeley, after maintaining that it would be more just to raise gold to its old standard and so to make the gold dollar equal in value to that of silver, but admitting that that was not possible, proceeded to say:

> "We give way to this debasement as inevitable but we protest against any further, and we insist that Congress guard now against the possibility of further progress on this downward path. Let it now be solemnly enacted that gold is the national standard of value, and that our present gold coinage shall never more be debased or interfered with. Let every promise to pay imply so much gold as would fulfill that promise according to our present legally established standard. Then if silver becomes more or less plentiful, let the silver coinage be altered to conform to the fact, but let the standard of gold be unvarying evermore—silver being used as change or counters, and never be a legal tender for debts, except for sums below five dollars. If a dollar means anything in particular, it is high time for a decisive settlement as to precisely what it *does* mean."

If we analyse the motives of those who participated in the legislation of 1853, we shall find that as in the former case of 1834 there was a division of opinion amongst its supporters. Some of them, and for all that appears, every one of the friends of the bill in the House of Representatives, did not wish to retain the double standard and believed that by the act they passed they were abolishing it. The silver dollar authorized by law was worth several cents more than the gold dollar. None would be coined at the existing prices of the two metals, and the supporters of the bill did not desire that any should be coined. The gold standard was practically established, and when the necessity for coin for small change had been satisfied a system had been framed that met their views exactly. Judging the Senate by the same rule that we apply to the House, all the members of that branch of Congress were, in theory, attached to the dual standard, but only to an honest double standard. They went upon the principle which universal experience has proved to be absolutely true, that legislation and mint stamps do not and cannot equalize values which are not equal in the bullion market, when applied to coins possess-

* See BANKER'S MAGAZINE for May, 1878, p. 875.

ing full legal-tender properties. They saw nothing sacred in the silver dollar of the fathers. On the contrary they admitted that as soon as anything like a permanent relation between the values of the two metals had appeared, the weight of that dollar ought to be changed. Until then they agreed to postpone the consideration of the question how much its weight should be reduced.

They waited. Their successors waited. The gold standard remained in full force and the silver token coinage proved successful. We came down to the civil war on a gold basis. During the four years it lasted and for all the years afterwards coin meant gold and nothing else. In 1869 a movement was begun to abolish by law what had not for twenty years existed in fact. The movement was carried on openly, but it excited little attention because it took away no right for which the people cared, no more, say, than the recent act abolishing the twenty-cent piece, which everybody regarded as a nuisance. No more than the repeal of a law against smoking in the streets, which had not been enforced for twenty years, would excite. The complaint on the part of the remonetizers that nobody asked for the change; and the inference from the fact of no opposition having arisen, that nobody was aware what was going on; are alike idle. No debtor wanted to pay silver dollars worth 103 cents, no creditor expected pay in them. The act of 1873 was strictly honest because it accomplished an end to be desired at a time when absolutely no injustice was done to any person whomsoever, by passing it.

Up to the present year the Congress of the United States had never passed an act relating to the coinage that was not designed to recognize by law the changes that had already taken place in the bullion market, and to furnish the American people with legal-tender coin worth what it purported to be worth. The spirit of the fathers in dealing with this subject would do us infinitely more good than we can expect to derive from their dollar.

EDWARD STANWOOD.

THE SUEZ CANAL.—The number of vessels passing through this canal in the month of March last was 172, and the tolls for the same were 3,204,519 francs; about $ 640,000.

Compared with the same month in previous years, since the opening of the canal, the following result is shown:—

Year.	*Vessels.*	*Tonnage.*	*Receipts.*
March, 1870	53	47,793	549,201 francs.
" 1871	69	72,937	863,937 "
" 1872	111	116,253	1,333,434 "
" 1873	118	202,495	2,246,278 "
" 1874	120	229,067	2,516,987 "
" 1875	176	326,783	3,236,769 "
" 1876	149	312,218	3,027,049 "
" 1877	151	315,657	3,097,811 "
" 1878	172	337,298	3,204,519 "

OF THE BALANCE OF TRADE AND THE COURSE OF EXCHANGE.

BY CHARLES H. CARROLL.

The late William M. Gouge, one of the best political economists of the United States, says, in his *History of Banking*, "Nothing is more certain than political economy. Nothing is more uncertain than political arithmetic." Now the "balance of trade," as it is understood in Washington, is a sort of political arithmetic that is very unsound political economy. It is relied upon by our political leaders in legislating for a resumption of specie payments; as if an excess in the value of exports over imports is necessarily a balance of account returnable in money.

The doctrine of the "balance of trade" was exploded by Adam Smith a century ago, and is emphatically contradicted by statistics—especially in England. In the *Statistical Abstract of the United Kingdom*, copies of which are before me beginning with 1854 and including 1875, there is not during the whole twenty-two years a single year in which the imports do not exceed the exports of merchandise in money value very largely. The returns for the three following years present, in Federal money at $4⅞ to the £ sterling, a fair average example of the whole period:

Years.	*Imports.*	*Exports.*	*Excess of Imports.*
1854	$742,896,633	$564,627,823	$178,268,810
1858	802,346,181	681,441,048	120,905,133
1875	1,822,955,438	1,372,860,075	450,095,363

This exhibit, it will be observed, is of merchandise only. The imports of bullion and specie were not registered at the British Custom House till the month of November, 1857; they exceeded the exports of the same every year from 1858 to 1875 inclusive, with the exception of small balances in 1860, '61 and '72, the two former, '60 and '61, being years of contraction of the currency here by the repudiation of Southern debts, failures in business, and consequent annihilation of current bank deposits, at the beginning of the rebellion. This contraction turned the course of exchange effectively against England in favor of our loyal States. In the eighteen years, '58 to '75 inclusive, the British imported $2,520,744,676, and exported $2,099,745,190, of gold and silver, the excess of imports being $420,999,486, notwithstanding the so-called adverse balance of trade every year of the whole series.

The imports of money exceeded the exports of the same $47,101,030 in 1858, and $27,479,141 in 1875. Add these balances to the merchandise returns, and with such figures be-

fore him, can an intelligent merchant say that the balance of trade is against Great Britain? If I send out a foreign adventure costing $20,000, and get as a final recompense $25,000 of money value in merchandise in return, I think the balance of trade is $5,000 in my favor; if I get back but $15,000, I think the balance of trade is $5,000 against me; and it is in favor of or against my country as it is in favor of or against the merchants of the country altogether. The true balance of trade then is a balance of profits.

Great Britain receives interest on her foreign loans in her imports; but that does not begin to account for the great excess and continual increase in the value of her imports over her exports. The truth is she maintains, under the screw of the Bank of England, a better currency, *i. e.* less currency in proportion to capital than most of the commercial nations, and consequently a higher value of money, so that she produces cheaply and sells steadily at a profit; but there is room for improvement; the see-saw of her currency by the Bank of England, in fickle and fictitious expansion by discount deposits, alternated by sharp contraction, is distressing; we can do better if we will.

Because of her restricted territory England does not feed her own population, nor supply nearly sufficient raw material for her manufactures, directly with her own products; hence the preponderating volume of her foreign commerce. Obviously she must import and export more than countries which utilize their own products more directly and more extensively. The balance of trade, except as a balance of profits, is a chimera; there are no figures to be found for it.

But the balance of exchange is another matter and a very simple one. It is the difference in the exchange value or purchasing power of money in different cities and countries. Of course the exchange value of money is to be found in what money will fetch in other things; that is to say, in general prices reduced to bullion value. If general prices in real money are sufficiently high here and low elsewhere, it is clear that we must buy goods and sell money. If such prices are sufficiently low here and high elsewhere, it is equally clear that we must sell goods and buy money. We may make high and false prices with false money in overvalued silver or in uncovered promises of banks or government, convertible or otherwise; but foreign merchants will not pay such prices for our commodities; they will sell us their commodities abundantly at such prices; they will take here our overvalued currency of silver and paper, but they will carry away specie at the bullion value for it; and, if we are so ignorant of political economy as to make the spurious currency interchangeable with real money by legislation, we lose the difference infallibly. Foreigners get the high prices of our false money for their goods, but leave

the dross with us, taking away our good gold in exchange for base money at par. This is what Secretary Sherman and his questioners of the Congressional Banking and Currency Committee ought to know, but do not. Another thing they do not seem to know is that the current demand deposits of banks form the chief part of the currency; the bank deposit being the principal item in the running cash balance of every merchant and man of enterprise. This is too plain a fact to admit of argument, yet it is constantly ignored in legislation upon the currency.

I have now to say, if Mr. Sherman directs legislation, or takes his measures, after his notion of the balance of trade, and expects to maintain specie payments by accumulating a hundred or two millions more or less of coin, he will be cruelly disappointed whenever business assumes an average degree of activity. Rapidity of circulation is a prime element in the value of money — it raises prices. A rise of prices and a fall in the value of money are one and the same thing, and any appreciable fall in the value of money below its present level will send it out of the country rapidly under an adverse course of exchange.

Money is simply a commodity when employed in commerce; that is to say, it is a material value that is bought and sold, and, like every other commodity, as already demonstrated, it will be exported when cheaper and imported when dearer at home than abroad. Every bond we owe in Europe might be returned here for sale at once without causing the export of a dime of specie, if we should maintain money at a higher value than merchandise, as we can by suppressing the uncovered paper currency, including the fictitious discount "deposits," the current uncovered inscribed credits of the banks. We should necessarily export the more merchandise, and have more and a brisker business. We have an abundance of capital for this purpose, but it is disorganized by a currency which, to create and maintain it with false prices, involves in needless debt and embarrassment almost every enterprising business man in the nation. What we want to obviate this difficulty is simply non-interference with the normal value and circulation of money.

The currency now organized by the banks and the government, and waiting demand with a crippled business, is more than the capital of the country can maintain in active use. Including specie, the currency is, I think, some $500,000,000 beyond the natural money volume with which capital can be circulated at its bullion price and value, and an active, healthy, business conducted; it is so much more than can be maintained under specie payment. Accumulating specie, therefore, is not the thing to do, especially at the cost of interest by increasing or maintaining the bonded national debt. The true policy is to reduce the paper currency, and

the reduction should be of that which costs interest, viz.:— the bank curreney. Doubtless the banks would object to this. I believe they would be benefited by it in the long run.

I have endeavored to show in previous contributions to the BANKER'S MAGAZINE, that the principle of discounting an evidence of debt out of itself, and lending credit as money, is damaging to the business of banking in the end, as well as to all other business. It is making false money, raising price without value, and imposing an obligation upon the bank customer to return real money or value for it, which obligation, multiplied by circulation, must end in bankruptcy somewhere, since there is no real money or value created or existing to pay it with. Ultimately it re-acts upon its creator, the bank, and bankruptcy becomes, in specious phrase, "the suspension of specie payments." The losses that are falling upon the banks at this time, and have yet to be set off in their accounts between their loans and their liabilities, form a practical illustration of this truth.

But I wish to repeat, what I have formerly said, that no one objects to the lending of credit, as credit, by a bank any more than by a merchant. A merchant may buy goods on his own credit, or on a letter of credit of a bank or banker, with no more or different effect upon the market in the one case than in the other. In either case the credit is not offered or mistaken for money; it enters into no cash account; it is an honest undisguised postponement of the use of money; it is lending credit in borrowing capital without completing the exchange. What possible difference can it make whether the credit so employed is that of the merchant or the banker? All that is necessary for legitimate and useful banking in the case is, that the banker shall pay his debt in money, like the merchant, when the use of money is required to complete the exchange; that is, when payment is demanded, so that fictitious dollars shall not be created in the transaction. The seller then recovers his capital in a commodity that every body wants — the most desirable commodity known to commerce. It is therefore simple nonsense to prate of money as a mere medium of exchange, the purpose of which may be served by an evidence of debt which pays nothing. Clearly it is the object of exchange, in *value* as the common equivalent, which constitutes the essence of money.

The question of profit to the banks is, whether they can make as much by lending their credit as money, with their loans consequently crippled by current uncovered demand liabilities, as they could make by borrowing and lending capital at a proper difference of interest through the instrumentality of money, with no such demand liabilities and all the loanable capital of the country to borrow from. The capacity of the banks to lend does not depend upon their

power to produce currency in notes or current deposits, nor upon the quantity of currency or money in the country, except so far as money is capital; it depends upon the quantity of loanable capital at their command, for the same dollar of currency will serve to circulate in banking, as in any other business, many times its amount of capital according to the activity of circulation.

It is simply impossible to have too little currency, as such, and equally impossible to have too much capital, including money, since the less currency we have in relation to capital the higher is the value of our money, or, what is the same thing, the lower are our general prices, so that we necessarily keep the course of exchange in our favor, produce cheaper, attract more trade and sell at a greater profit than nations having relatively more currency and less capital. It is not as currency, therefore, but as capital that we gain by the increase of money, and the more circulating capital of any sort the wider is the field for banking. A sluggish commerce and a steadily favorable course of exchange are incompatibilities; they cannot exist together.

The returns at Washington show that the loans of the commercial banks, so long as they maintain specie payments, do not exceed their capital more than about two-thirds on the average, taking the years together. According to this an average bank of $600,000 capital would lend $1,000,000, and probably in the Atlantic cities the interest would average six per cent. per annum, say $60,000 gross income for the year. A bank that should make one per cent. per annum on its loans by borrowing the excess and lending ten times its capital of $600,000 would aggregate the same income without inflating the currency or crippling its business or the business of the country with fictitious money. Now there are trust companies in the Atlantic cities lending twenty times their capital, and Savings banks, with no stock capital, lending twenty millions of dollars each; they are enabled to do this business because they lend only what they own or borrow; they avoid the pernicious principle of lending their credit as money; hence they do nothing to degrade the value of money or to force it abroad.

There is no reason in the world that I can discover why commercial banking should not be done upon this plain, honest principle, which would put an end to the ruinous fluctuation of prices and the vast amount of needless bad debts that result from the operations of the present system, and are as injurious to banking as to any other business. I say, then, in view of the great losses they bring upon them selves periodically with their fictitious money, I believe the banks would make greater profits in the long run by abandoning the principle of discounting an evidence of debt out of itself, which is the groundwork of false money in banking.

Goethe makes Mephistopheles say: "It is a law binding on devils and phantoms that they must go out the same way they stole in." The phantom of "paper money" stole in through legislation, it must go out through legislation, or it will ruin not merely the dominant party but the politics, industry, commerce and social order of the country. The true policy, in my opinion, is to tax out of existence the uncovered bank currency, prospectively, and then gradually retire the greenbacks, or cover them with specie, so as to keep the foreign exchanges continually in our favor, until, by exporting merchandise and importing money, in addition to the product of our own mines, the money channel is filled with the solid capital in gold and silver which belongs to it. This will, if adopted, set industry in motion, silence the idle brawling of labor against capital, and the more reasonable and just complaints against privileged legislation for the banks; it will cause the production and export of merchandise, and the addition to our active circulating capital of some eight hundred millions of dollars that we cannot have while the present paper blockade is maintained; it will give an immediate start to ship-building, and ready employment of navigation for the shipment of bulky cargoes abroad; it will give security to property and contracts in the future, and success to the well-planned enterprises of honest men; and it will dry up that fountain of needless debt which overwhelms in bankruptcy sometime in his life, or leaves in poverty at his death, nearly every man who ventures into trade.

The key to this policy is to be found in the course of exchange; let us keep this in our favor, by adherence to natural laws, and we command the commerce of the world until we have, as capital in the product of labor, an excess of money when we shall have a desirable commodity to dispose of profitably, like an excess of wheat or cotton, instead of selling it for nothing under the degrading power of an overvalued currency.

Whether we shall do well or ill in this matter depends chiefly, as we see, upon the management of the banks either by themselves or by the Government. A sluggish and an obstructed circulation reduces prices, as if the currency were partially hoarded, and accordingly raises the value of money; it may extinguish the gold premium entirely and make a temporary show of specie payment, but that the export of money can be checked for any considerable time, and specie payments maintained with the demand liabilities of the banks and the Government as they are now, or within several hundred millions of their present amount, I conceive to be impossible.

WEST NEWTON, Mass., May, 1878.

RETURN OF AMERICAN SECURITIES FROM EUROPE.

It is supposed by many persons, that the favorable balance of the foreign trade of the United States, which has been large for two years, and which reached the unprecedented figure of 203 millions during the nine months ending with last March, would have led to heavy importations of gold from Europe, if such importation had not been prevented by the fact that this balance has been liquidated by the importation from Europe of American securities heretofore held there. Of the persons entertaining this view, that portion who think that the importation of gold from Europe is desirable, very naturally regret the substituted importation of American securities. What proportion of those securities sent here for sale consists of Government bonds cannot be exactly known, but that it is a very large proportion is generally agreed by those who make statements on the subject, and seems to be probable.

The *prima facie* aspect of the case certainly is, that the importation of American securities has, to the extent it has gone, prevented the importation of gold. The supposition is not to be entertained, that any favorable balance of foreign trade could have been adjusted by the purchase by Americans of European securities. The lower rate of interest on money invested in such securities, puts that supposition out of the question. Here and there a nervous individual may be found in this country, who may be so alarmed by charges of Communism brought against the American people as to prefer English Consols paying three per cent., to United States bonds, paying from four to six; but individual exceptions do not affect the general fact that American money is not invested in Europe. As our favorable balance of foreign trade could not be absorbed by such investments, in what other way than by an importation of gold could this balance have been settled, if there had been no importation of American securities?

Clearly, that is a question attended with difficulties, but it may turn out that those difficulties will be more easily grappled with, after looking a little at difficulties of another kind.

Europe has had no gold to spare for the last two years, has none now, and is not likely to have any within any near period. The facts existing there for several years, and at this time, are a continual fall in its prices, which are controlled by gold, and a general struggle between such of its nations as are not on paper standards (notably between England and

Germany), for the possession of what gold there is accessible. In this predicament of things, it is impossible for us to obtain gold from Europe in any quantity, except by a reduction of prices, not merely below the present scale of European prices, but below that still more depressed scale of prices to which Europe would go before it would give up its gold. In other words, it is substantially impossible for us to obtain gold from Europe.

Possession does not give in trade quite the advantage of nine points out of ten, which it is said to give in law, but it gives this advantage, that the gold now in Europe will remain there if the attractions for it in Europe and the United States are equal. If we get that gold, we must make our attraction the stronger. There is no good reason to suppose that we can reverse the existing superiority of the European attraction. A contest for gold is a race in reducing prices, and in that race Europe can move as swiftly and go as far as we can. Furthermore, it is an essentially abnormal thing for a nation which produces gold to force it back from other nations, to which it has flowed by that natural course of trade which carries everything from producers to consumers. Any intelligent expectation formed in this country in 1875, when a law was passed for a resumption of coin payments in gold four years from the date of the law, must have been based, not upon obtaining the required gold from Europe, but upon retaining it out of our own production, which was abundant and sufficient for the purpose, if its retention was practicable.

Europe, having no gold to spare, could not continue a course of trade with the United States, of which the balance should be largely in favor of this country, unless it could adjust this balance by the sale of American securities in the American market. In other words, without that use by Europe of American securities, the present balance of trade in our favor could not exist. The possibility of any such balance depends absolutely upon its being discharged in the particular mode of the sale of securities, and if we had insisted upon its being discharged only in gold, the character of our trade with Europe would have undergone such a change as to have left no balance in our favor, to be discharged in any way. Even if we do not quite see, or quite agree, how our trade would have been changed, it is altogether clear that a course of trade which leaves an unadjustable balance, must by some process come to an end.

A course of trade with Europe with a balance in our favor not settled for by a sale to us of our own securities, might go on for a little time. But very soon, the resulting drain of gold from Europe, would reduce all European prices. This would have two effects. The first would be a diminished money valuation of our exports thither, even if there

was no diminution of their quantity. The second would be an increase of imports from Europe. In both ways our favorable balance of trade would disappear, and with it the drain of gold from Europe would disappear.

The idea may therefore be dismissed as altogether illusory, that we should have been receiving gold for the past two years from Europe if our securities had not been sent home. The real position of the case is, that if Europe had not been the owner of these securities, or had not chosen to have sold them to us, no such balance of trade as we have recently witnessed and are witnessing, would have been possible. The return of those securities has been the essential factor in swelling the magnitude of our export account, partly by increasing quantities exported, and partly by increasing the prices of exports, and probably more by affecting prices than by affecting quantities. In short, we have received the same benefit to our trade from that payment of our debt, which is the substantial result of buying back our securities from foreigners, as France received from paying the German indemnity. In the French case, the impulse given to exports and industry, so mitigated the injury of being subjected to the indemnity, that it was scarcely felt.

The English writers always speak with regret of the fact, that they did not take money instead of bonds in payment, during the half dozen years preceding 1873, when English exports were so magnificently large, and when at the same time England was purchasing on such a magnificent scale, the bonds of Turkey, Peru, Costa Rica, Egypt, Russia, San Domingo, and the Argentine Confederation.

It is related of a certain Irishman that he dreamed a dream, of which the substance was, if dreams can be properly said to have any substance, that he visited the Pope, who received him kindly, and after many compliments, enquired if he would have a glass of punch, and if so, whether he would take it hot or cold. The Irishman chose hot punch, and the Pope proceeded to the kitchen to get some hot water for the purpose, but was gone so long on that errand, that his guest waked up and lost the punch altogether. It is further related of him, that he always expressed his regrets that he had not taken it cold. The regrets of the Englishmen that they accepted bonds instead of money, from nations which had no money, and whose only basis for trading was the gullibility of British investors, like our own regrets that the Europeans send us American securities which they possess in abundance, instead of gold of which they have absolutely none to spare, are neither more nor less rational than the regrets of the dreaming Irishman over the loss of the punch.

It is true that the Europeans have silver to spare, but the market for that metal in the United States is limited to

what is used in the arts, conjecturally $10,000,000 per annum, and to the requirements of the mint, which, under existing laws, cannot exceed $48,000,000 per annum. With a home silver production approximating fifty millions, the margin for possible silver importations from Europe is small. It does not become very important, even if we take into account the direct silver export from San Francisco to the East, which was last year somewhat short of twenty millions, although then larger than ever before.

It is also to be considered, that no importation of silver from Europe, be it greater or less, will reduce the importation of American securities from Europe, because such silver importations will cause gold exportations which would not otherwise take place. The final effect of the silver legislation of February 28, 1878, will be to substitute silver for the gold now in monetary use in this country, including what is held in the reserves of the banks and of the National Treasury. This substitution must at any rate be large, and may be complete. Two metals cannot be used concurrently, when the difference of market value is sensible, and as no present reason for a rise in the relative value of silver is suggested except its absorption in our coinage, it would seem that its rise to a parity with gold is not to be expected until its absorption in our coinage has made very considerable progress. Exportation of gold to Europe will attend and follow this progress, and must really exceed the importation of silver from Europe, inasmuch as our coinage of it, which is the cause and measure of the exportation of gold, will run largely upon silver of domestic production. Upon the whole, it seems clear that our silver importation from Europe, being necessarily at least balanced by a corresponding gold export to Europe, can have no effect to diminish that importation of American securities which results from the favorable balance of our foreign trade.

The statements and estimates made in financial journals in this city in respect to the character of the American securities imported from Europe, and as to the aggregate amount of such importations, are various and contradictory. This might be expected, as there are not, and cannot be, any official accounts, and as the estimates of each person are controlled by a certain limited number of facts coming within his knowledge. All that can be affirmed with certainty is, that the favorable balance of our total trade with all the world necessarily takes the form of a balance against Europe, which receives fully four-fifths of all our exports, and that so much of this balance as is not absorbed in interest accounts, must be remitted, not in gold, of which Europe has none disposable, but in American securities.

Of the two things, a favorable balance of trade, and the importation of securities held abroad, there does not seem to

be any good reason, in the nature of the case, for supposing that the one must always be the cause, and that the other must always be the effect. There is a reciprocating action between the two. They must always co-exist and be the measure of each other. But it appears to be as clear, that an importation of securities, or any other form of paying off a foreign indebtedness, must necessarily be accompanied by a favorable balance of trade, as it is, that such a favorable balance must necessarily be accompanied by an importation of securities, or some other form of paying off foreign debts. As between the two things, the reader must judge, whether one is as not as much fitted to be a cause as the other, and whether there is any means of deciding in a given case, which is the cause and which is the effect, other than knowing which occurs first in the order of time, which it is ordinarily very difficult to know. In the French case, it was plain that the payment of the coerced German indemnity, preceded the enlargement of the French merchandise export account, although, for a part of the time, the two things proceeded simultaneously.

If increased exports, diminished imports, and what is called a favorable balance of trade, are desirable objects, and if the liquidation of foreign debts tends to promote those objects, it becomes important to consider to what extent, and by what methods, legislation can aid such liquidation. That is a very large subject, but there are two such methods which passing events make it expedient to notice now.

First—Income tax Acts, either of the Federal or State Governments, should be made to bear at least as heavily upon foreign as upon domestic holders of American securities. Otherwise such taxes become a bounty in favor of the foreign holding of them.

Second—No public securities should be created, nor should railroads or other private corporations, be permitted to issue securities, payable anywhere outside of the United States, or in any description of foreign coins or money. The foreign holding of American securities should not be in any way facilitated, but rather, within reasonable limits, impeded and discouraged.

GEO. M. WESTON.

SILVER TO INDIA.—The shipments of silver from Great Britain to India this year up to the first of May are less than those of last year. The amount reported is about sixteen millions of dollars for the first four months of 1878, against about twenty-five millions of dollars for the same period of 1877. If the entire exports of silver to India are in the same ratio and continue so for the whole year, the exports will be about seventy-three millions of dollars; or some forty-two millions of dollars less than for 1877—a sum that will nearly supply the demand from this country.

PUBLIC DEBTS AND GOVERNMENT ANNUITIES.

In the BANKER'S MAGAZINE for April, 1878, there are two articles by different writers, one upon *Debt and Credit* and the other upon *Public Debts*. Both present some points of interest which should be connected in one line of argument, and it is to be hoped that the questions therein referred to will be again taken up and still further elucidated.

From the data furnished we may infer the total sum of indebtedness of the U. S. Government, railroads, States, counties, cities, mortgages, bank loans, accounts upon merchants' books—in short, all debts in the United States—to be twenty thousand millions of dollars. Upon this estimate, the population being forty millions, we may say that each man, woman and child owes $500, and pays interest on that sum, say $25 per annum, in the shape of taxes, increased cost of fares, freights, rents, imported goods and in divers other ways.

The debt of the general Government and the States, counties and cities is over 3,500 millions, and is the question requiring attention, because it is the load resting upon every bread-winner. The other indebtedness is subject to the law of supply and demand, and mainly concerns only those directly liable in each transaction.

The evil of public debts is well understood. Few persons, however, know that Thomas Jefferson uttered the soundest logic and purest morality when he declared that the laws of nature impose no obligation on one generation to pay the debts of another. The seniors among us may be familiar with this proposition, but our young men are not, and it is a point that should be kept prominently in view.

Posterity will have civil wars, internal improvements, Boss Tweeds and causes for outlay, similar to those of our day. We should pay our own debts and leave our children and grandchildren the legacy of a free-soil unencumbered with mortgages.

It appears that the States of New York, Missouri and Maine, and perhaps others, have constitutional provisions to the effect that no debt can be incurred unless a sinking-fund shall also be established, which shall pay the debt within thirty-six, eighteen or thirteen years, respectively.

It is not pretended that this article adds anything new to the arguments already adduced in the BANKER'S MAGAZINE. It is simply an appeal for more light on the subjects named.

There is, however, another point to which it is highly desirable that the attention of Congress shall be called, and this is the policy of selling "annuities certain." Annuities

contingent upon a life are not recommended here. Annuities certain produce for the payer all the benefits of a sinking-fund, and would be greatly sought by a large class of investors. They would be specially valuable to many families who are compelled, upon the death of the father, to trust to dubious investments for a yearly income; these would gladly purchase an annuity for such a term of years as would cover the education of children.

It is finally suggested that deposits could be taken into the Treasury through the Post Offices, interest upon which can be allowed at $3.65 per annum. By will or by written authority such a deposit could be commuted into an annuity for five years or any multiple thereof—carrying the same rate of interest into the commutation.

The machinery of a sinking-fund is complicated and is subject to stoppage—the English sinking-fund being an example. Secretary Sherman recently declared that "the ordinary expenses of the Government must be paid before the sinking-fund is attended to, and that if there is any deficiency it must fall on the sinking-fund;" . . . . "the nature of the sinking-fund was debated in the English Parliament in the famous Dr. Price controversy, which extended for thirty years, and that was the generally recognized idea of a sinking-fund, that it was nothing but an agreement on the part of the law-making power to apply surplus revenues to a certain amount to the reduction of the public debt."

Governments should not issue bonds with coupons but should rather sell annuities. The latter are not now acceptable to large investors, but if they could get nothing else they would find that the simplicity of Government annuities, added to the constantly increasing credit of the payer, would more than compensate for slight disadvantages —which, when the new custom is fairly established, would soon cease to be felt. F. M.

SACRAMENTO, CAL., April, 1878.

THE PARIS. SILVER MARKET IN APRIL.—No dealings in Silver have taken place, but parties in the trade still expect changes in the monetary *regime* of France and perhaps Prussia, before the end of the year, which will give some activity to the Silver market. It is said that the German Government, finding the sum of ten marks per inhabitant, to which the coinage of small change is limited, insufficient, proposes to increase it to fifteen marks. The proportion of small change in France, fixed by the convention of 1865, is only six francs per head. As a certain proportion of this must have disappeared from the circulation during the last twelve years, small silver would have become scarce here but for the drain of silver token money from Italy and Switzerland into France. This coin has almost disappeared from those countries and is replaced by small notes. Should the Convention of the Latin Union not be renewed at the end of the present year, when it expires (and the general belief is that it will not), the foreign silver coin will cease to be a legal tender, and a large coinage of French small change would be necessary to fill up the void.

—*Paris Correspondence of the London Economist.*

THE HISTORY AND CHEMISTRY OF WRITING INKS AND THE PERMANENT CHARACTER OF ANCIENT AND MODERN DOCUMENTS.

BY JOHN UNDERWOOD, F.S.A., ENG., PRACTICAL CHEMIST.

[*Concluded from May No., page* 899.]

To insure the permanence of written documents, Dr. Lewis tried preparing the paper with gallic acid, and tells us he found the writings upon it unchanged after many years, while those on unprepared paper with the same ink, at the same time, and exposed equally to the action of light and air, had entirely faded. It was afterwards suggested, in the monthly review of the *Philosophical Transactions for 1787*, that a greater permanence might be given to our documents by washing the paper or parchment, before writing on it, with a weak mixture of prussic acid and water, or a solution of prussiate of potass, which, without injuring the material, would cause a thin film of Prussian blue to be formed wherever the ink came in contact with it.

Now it is a comparatively simple matter for the chemical expert so to prepare his paper or parchment, that when written upon with a special ink such chemical actions shall take place between the materials in the paper and those in the ink, as shall make the writing absolutely indelible for all time.

During the last twenty years many patents have been taken out both in this country and Europe for such processes, some of which are, in a chemical sense, exceedingly valuable combinations and others of no use whatever excepting to deceive the unwary by the name of Patent.

None of these schemes, however, have been found to be of any commercial value, for with the present system of driving business the majority of men will not trouble themselves with using any speciality such as these patents require.

I consider that where the permanency of writings is of real importance, the question of expense in the purchase of either inks or paper should never be considered.

There are many writing inks both imported and domestic which, used on any writing papers, especially those of the present day, will most assuredly fade out with time, while many of them never soak into the paper at all and can be washed off with a clean sponge. It is not the object of this article to recommend the writing ink of any particular manufacturer. I will say, however, that one essential to a good ink is, that while it must be acid enough to bite into the

paper it should not be so acid as to destroy or injure to any degree a steel pen.

A blue black fluid in which the proportions of gallic acid and iron are so chemically balanced the one against the other, that the fluid is always clear and transparent and of a deep blue tinge when written with, will be found to be the most permanent while certainly the most pleasant ink to use.

Such fluids, which are of comparatively modern date and therefore never met with in ancient documents, are gallates of the proto salts of iron. These, when properly made by the hands of the practical chemist are as clear and colorless as water, and are then colored with a soluble indigo.

After being written with, they gradually turn black from the absorption of oxygen from the air, through the conversion of the proto salt into a per salt of iron.

Many, however, of the blue black fluids, as well as the other inks, are made very roughly and without any chemical care whatever. As a simple rule of guidance it is best in all cases to discard such as turn black too quickly, or do not retain their perfect transparency in the pen, or show any sign of getting mouldy.

The use of colored inks, which has greatly increased of late years, cannot be too highly censured when the documents are of any importance, for being mostly made of aniline colors they will inevitably fade in time. One large railway company, to my knowledge, use extensively a purple aniline ink even in their important books of account, while a large rubber corporation draw all their cheques with a green ink of the same description. Both of these will some day have cause to regret their indulgence in such fancies.

The old-fashioned blue ink made of prussiate of iron, and red ink made from Brazil wood, were among the most permanent of inks, but neither of these are of a sufficiently bright color to suit the present age, and both have gone almost entirely out of use.

Relative to those known in the market as French inks, which are at first of a red or violet color and afterwards turn black, I would say that the manufacture of them has of late very much deteriorated. Some, however, are still very good, and when properly made should be very permanent. Those which write with a reddish tinge and take a few days to turn a good black will be found the best.

One thing which would make writing very much pleasanter, and which I never fail to impress when I have the opportunity, is careful cleanliness in the use of ink. People are generally very particular about the state of their pens, but the inkstand is often left for months without being emptied or washed, fresh ink being from time to time added to the old. This is a great mistake, for the dust existing in

all offices deteriorates the ink far more than is imagined. As a rule, the inkstand should be emptied and thoroughly cleansed at least once a month and oftener if possible.

The next important consideration in the durability of our written documents is the paper that has been used, and as I have already suggested, economy should not be too rigidly adhered to in this matter, nor should we be led away, as too many are, by the high finish of a paper. It is a very common thing for the poorest papers, with a large percentage of clay in their composition, to be "calendered" so highly as to deceive any but a close observer.

I think as we cannot get, or if we could get would not use in the present day, the rough unbleached paper of fifty or sixty years ago, the best plan is to choose one of moderate finish made by some first-class maker, and to see for yourselves that it is made of good material.

To judge of the latter point there are two simple ways: first, by wetting the corner of a sheet between the lips and seeing what toughness it has. By trying several different papers in this way even a novice in such matters will soon discern the difference between papers made of good and those of bad material. The commoner sort having very little fibre to hold them together will soon break, while the best, made of a good quality of cotton or linen rags, not too highly bleached, will bear a great deal of such wetting and still remain intact. Another method is by burning the samples of paper and noticing how the ashes fall to the ground; those from paper made with clay falling much more rapidly than those from purely rag paper.

A new and most important quality for writing inks was introduced by the indefatigable James Watt in 1780, who, in that year, took out a patent for a writing ink that should give off a copy when brought in contact under pressure with a damp sheet of thin paper, and thus was inaugurated the now world-wide plan of using copyable inks and copying presses. His plan was to give a certain body or consistency to the writing ink by the addition of gum or sugar, which, leaving a soluble surface on the writing, was taken off on to the damp copying paper. This has continued to be the principle of most copying inks to the present day.

This plan, which I call purely mechanical copying, was a crude one. The ink soon, by evaporation, became thick and unpleasant to write with, besides requiring the copy to be taken very soon after the matter was written, and has, therefore, given place within the last few years to chemical fluids that do not depend at all upon the thickness or body of the inks for their copying qualities, but copy by a chemical action that takes place between the lime in the water with which the paper is damped (all ordinary water contains more or less lime) and the written surface with which it is brought

into contact. Under the old or mechanical principle of copying no dependence could be placed on the permanency of the copies, but where they are taken by chemical action and the writing ink used has really been a good one, there is no reason why the copies should not be as permanent as the original writing.

For many years press copies of letters were not admitted as evidence in any courts of law, but about 1848 the late Lord Campbell, then Lord Chief Justice of England, decided that as a press copy must in every case be a perfect one, which many certified copies were not, they should be received as evidence in the English courts, and since then nearly all the law courts of the world have acknowledged them as such.

Press copies of notices and other legal documents are not yet allowed in any of the courts, but I believe this prejudice will also in time wear away, especially as copies can now be taken on thicker paper than they used to be. In the spring of 1857 my attention was called by the British Government to the necessity for some plan of rapidly multiplying written documents, but when they told me they required some twenty-five or thirty copies from each writing, I considered the difficulties in the way as perfectly insurmountable. However, being much urged to persevere with my experiments I did so, and before the close of the year succeeded in doing far more than they had asked me. This plan depends upon the same principle of chemical action to which I before referred, as the most perfect in letter copying, but differs from it, in that, instead of depending upon the lime naturally present in the water for the chemical action, special chemicals have to be dissolved in the water.

This process, besides being in use by the British Government, is also largely adopted by the largest railway and transportation companies in this country and throughout the world for duplication of way-bills, &c., wherever large number of copies from one original are required.

A modification of the same plan which permits many copies to be taken on thick paper is also being extensively used by stenographers, &c.

The same ingenious Watt also invented a plan for copying large engineering and architectural plans, and which, though scarcely known to the public, has been in use from 1780 to the present time by the Engineering House in London, England, of which he was the founder.

Instead of the ordinary China or India ink, generally employed for this purpose, he used lamp black rubbed up with the finest old sherry wine, and from plans so made took off a copy on damp paper. From this, which of course was reversed, he would take as many copies as he required by letting a boy overrun each of the lines with a mixture of lamp black and sherry, and after each time of its being so overrun he would take four or six copies on damp paper.

But though his process is adopted by one or two engineering houses in the present day, it is very troublesome, and with plans worked to scale the damping and subsequent shrinking of the paper is very liable to cause errors in the work, and therefore it has generally been considered safest and easiest to take tracings.

When speaking of the permanence of written documents, it must be understood that I referred only to their durability under the effects of time, and not under the action of chemical re-agents, for there is really no ink made but what can be taken out by the expert so as not to leave a trace behind it. If the business of the world would permit the use of the thick mixture of carbonaceous matter and vitriolic inks which were in use four or five centuries back, I believe we should not hear of any frauds being perpetrated by the alteration and raising of cheques, &c., for to decolorize by any chemical re-agents the particles of black carbonaceous matter would be impossible. But at the present day business men would not use such inks, and even if they had them in their offices they probably would fail to be used when most needed.

I have long been convinced that the only way effectually to stop such frauds is the introduction into the paper itself, at the time of manufacture, of chemicals which shall act as mordants to fix indelibly the writing ink into the paper.

NEW DURHAM, N. J., April, 1878.

STATE USURY LAWS AND NATIONAL BANKS.

In the Supreme Court of Pennsylvania a decision has been rendered by Judge Paxson at Pittsburgh, which presents a very sensible view of the vexed question of usurious interest. The case was an appeal of the Second National Bank of Titusville from the decree of the Common Pleas of Crawford County, in reference to the distribution of the proceeds of a Sheriff's sale and the powers of an auditor.

The controversy arose in the distribution of the proceeds of a Sheriff's sale of the real estate of Z. Waid. It appears that at the date of this sale, the Second National Bank of Titusville held a judgment amounting to $2,156.12, and Wm. M. Henderson was plaintiff in a judgment, for the use of the same bank, amounting to $1,879.73. Waid became the indorser of a note of Shugert & Starr to the bank for $2,500, on the 18th of December, 1872. In a suit subsequently brought on this note, judgment was obtained on the 20th of May, 1873. Before the note was given, interest, at the rate of ten per cent., had been paid by Shugert & Starr on the debt it represented, to the amount of $125.68. When it was

given, on the 18th of December, 1872, a discount at the rate of twelve per cent., amounting to $77.50, was retained. It was the second renewal of a note originally given on the 30th of May, and first renewed on the 6th of September, 1872. It was only at the date of the second renewal that Waid became indorser. Upon the proof that usurious interest had been received, the Auditor decided that "the interest-bearing power of the obligation had been destroyed," and "as there was no point of time in the history of such paper at which it could be freed from the taint of illegality, so it followed that there could be no point of time from which it would bear interest." Under the view of the law thus taken in the report, the costs, the attorneys' commissions of five per cent. stipulated for in the note, charges for protest, and all interest accrued on the original note and its renewals, and on the judgment, were excluded from the sum awarded to the bank. There were also deducted the interest, attorneys' fees and costs accrued in a judgment on a note for $1,700, made up in part of an independent note for $1,500 previously discounted, and in part of interest and costs of the judgment obtained on the note of Shugert & Starr. On the same ground of usury the sum of $111.99 was deducted from the Henderson judgment. These rulings of the Auditor were affirmed by the Court below upon exceptions.

Judge Paxson held it to have been settled by a line of authority that in the distribution of a fund an Auditor cannot inquire into the validity of a judgment regular upon its face. "But he may receive testimony to show that since his rendition the judgment has been paid or otherwise satisfied, and he may disregard a judgment void upon its face, but not because it is merely erroneous, or a fraud upon the debtor. All the cases say that the mere fact that the debtor has been over-reached, and a fraud perpetrated upon him by the creditor, gives no right to other creditors to attack the judgment collaterally. So long as it stands as a valid judgment against the defendent, it is good against them. They have no right to complain of a fraud upon him. In such cases the only person who can impeach the judgment is the defendant himself, and this must be done by a motion in the proper court to open it. When a judgment is assailed in this way before an auditor, it is his duty to suspend his decision until its validity can be decided by the court in which it is entered. . . . If, then, creditors may not impeach a judgment before an auditor for a fraud upon the debtor, it follows that in order to sustain the auditor and the court below, we must go the extent of holding that the usury complained of was a fraud upon the creditors—a collusive fraud to hinder and delay them. That there was fraud, and collusion in fact, is not pretended, which drives us to the narrower question, whether an usurious contract is

a fraud *per se* upon creditors." Citing several authorities, the Justice proceeds to say:

It is not essential, however, to question the soundness of either of these decisions. While the broad question, whether usury was a fraud *per se* upon creditors, appears rather to have been assumed than discussed, we may concede those cases to have been rightly decided to the extent of their own facts. At that time, the taking of more than six per cent. interest was unlawful, and subjected the lender to a penalty. It is not so now. The act of the 28th of May, 1858, P. L. 622, has made a radical change in this respect. By the first section of said act, six per cent. is declared to be the legal rate of interest, where no express contract has been made for a less rate. The second section recognizes the right to reserve or contract for a higher rate, but provides that in such case the creditor shall not *compel* his debtor to pay more than six per cent.: authorizes the debtor to retain and deduct the amount of the excess from such debt, and where he has voluntarily paid such excesses, to recover it back by an action to be commenced within six months after such payment. It is not, therefore, now unlawful for a debtor to pay and a creditor to receive more than six per cent., and where it is done in good faith, and in the usual course of business, it would shock the common honesty of every intelligent man for any Court to say that it was a collusive fraud between the creditor and his debtor, to cheat and defraud the creditors of the latter. It may be that such collusive scheme might be covered up under the guise of usury. Where it exists it can be as readily detected under the cover of an usurious contract, as of any of the other devices which are resorted to for such purpose. But the mere fact that the debtor pays more than six per cent. is not enough to establish a fraud upon creditors. Nor would his refusal to contest the claim against him, of itself, amount to such fraud. A man who has in good faith contracted to pay more than six per cent., has committed no violation of any law, and is not bound to repudiate his contract. A very large class of honorable men regard it as dishonest to do so. I do not say that there might not be a case when, in a transaction out of the ordinary course of business, and under circumstances tending to show collusion, a refusal by the debtor to set up such a defense might not be evidence, with other matters, of an intent to defraud creditors. Such cases must be disposed of when they arise. The recent legislation referred to has to some extent recognized the actual wants of business men, and evinces a growing tendency to regard money as an article the price of which must be regulated by the law of supply and demand. It has always been so, and it always will be so. No law can enable the thriftless man to borrow money as cheaply as the prosperous man, or to get money, when it is scarce, at the same rate as when it is abundant.

The appellant in this case is a National bank. Section 5,197 of the Revised Statutes allows such banks to charge and receive such rate of interest as is authorized by the laws of the State where the bank is located, and section 5,193 provides that "knowingly taking, receiving or charging a rate of interest greater than the aforesaid, shall be held and adjudged a forfeiture of the entire interest, which the note, bill, or other evidence of debt, carries with it, or which has been agreed to be paid thereon." Thus it will be seen that under the act of Congress, no interest can be recovered upon an usurious contract, while, by the law of this State, the legal interest can be recovered, but no more. While the former uses the word "forfeiture," and is penal to the extent of the interest, it does not make the entire contract void, or even voidable. If, under our act of 1858, it is not a fraud *per se* upon creditors, for a debtor to pay more than the legal rate of interest, it would be straining the law to say that it is under the act of Congress. The whole question of interest is regulated by our own statute. The act of Congress applies only to the National banks, and as to them the rate of interest conforms to the State law.

Where creditors allege that usury is a fraud upon them, they must do more than show the payment in the usual course of business, of interest in excess of the legal rate. That is a matter of which the debtor alone can complain. In the case in hand there was nothing to show collusion to defraud

creditors. It follows that they had no standing before the Auditor to set aside the appellant's judgment.

Even in view of the record, as it was made up by the Auditor, the case did not justify the charging the costs of the distribution upon the appellants. The questions were fit to be raised, and the position of the appellants entitled them to raise them.

The decree is reversed, and the fund is directed to be applied to the costs of distribution, to the city's claim for taxes, &c., and thirdly to the judgments in their order for the amounts shown by the record to have been due upon them respectively at the date of the Sheriff's sale. The costs of the appeal are to be paid by the appellees.

BONDS OF BANK OFFICERS.

[FROM THE ALBANY LAW JOURNAL.]

There is no especial difference between the bonds of bank officers and the bonds of other officers so far as relates to the general rules of law, but by reason of the fact that bank officers come more nearly home to the business and bosoms of the community, these rules have usually been more rigidly applied to them than to others. We propose briefly to state some of the rules that have been held as to them.

It may be stated as a general rule that the bond of a cashier or other officer is an undertaking, not only for honesty but for capacity, for reasonable skill and diligence in the discharge of his duties, and if he fails in either regard and in consequence the bank suffers, he and his sureties are liable to make good the injury. *Miner* vs. *Bank of Alexandria*, 1 Peters 46; *Commercial Bank* vs. *Ten Eyck*, 48 N. Y. 305; *American Bank* vs. *Adams*, 12 Pick. 303.

Another general rule is that perfect good faith be adhered to between obligees and sureties, and that whenever there is any misrepresentation or even concealment by the obligee from the surety as to any material fact which, had he been aware of, he might not have entered into the contract of suretyship, he will be discharged. *Rees* vs. *Berrington*, 2 White & Tudor's Lead. Cas. 1871.

This rule was somewhat rigorously applied in *Graves* vs. *The Lebanon National Bank*, 10 Bush. 23, wherein the Court of Appeals of Kentucky held the sureties on a cashier's bond discharged because when the bond was executed the cashier was a defaulter, of which fact the directors might, and the court held should, have become cognizant, had they used due care; but instead of which they had issued a statement as the law required, wherein the affairs of the bank appeared to be well managed. This statement it was thought might have induced the sureties to become such, and it being a misrepresentation they were discharged.

On the other hand, in *Tapley* vs. *Martin*, 116 Mass., 275,

the Supreme Court of Massachusetts held that sureties on a cashier's bond were not discharged, although the directors had been negligent in not discovering frauds existing when the bond was given; in other words, it was held that "unless the defendant (the surety) proved actual knowledge, by the officers, of previous frauds, the sureties would not be discharged; that negligence in failing to examine, however gross, would not discharge the sureties."

In *Atlas Bank* vs. *Brownell*, 9 R. I. 168; S. C., 11 Am. Rep. 231, it was held in a suit on a cashier's bond, that it was no defense that the directors had been negligent in examining his accounts. There the alleged negligence occurred after the bond was executed. The defendants offered further to prove that prior to the execution of the bond the cashier had lost money by gambling; that the directors knew it and in consequence concluded to increase the bond; that thereafter the defendants became surety on the bond, and that the directors did not communicate to the defendants the fact of the gambling. The court held that the evidence was properly excluded on the ground that the information withheld related, not to the business which was the subject of the suretyship, and not to the conduct of the cashier as cashier, but to his general character. The court said:

Ordinarily, the concealment, to make void a contract, must amount to the suppression of facts which one party is bound in conscience and duty to disclose to the other, and in respect to which he cannot innocently be silent. Story's Eq. Jur., § 204. But Judge Story lays down further, that in the case of a surety, concealment of facts which go to increase his risk amounts to a fraud on the surety; and the omission to disclose is equivalent to an affirmation that the facts do not exist. Story's Eq. Jur., §§ 114, 215, 324, 383. But we think this doctrine of the text-books is stated much more strongly than the decided cases warrant. In *Railton* vs. *Matthews*, 10 Cl. & F. 934, plaintiffs appointed an agent and took bond, they knowing the agent had misapplied moneys in a former agency, and not communicating it. It was contended that, to discharge the surety, the concealment must be willful, and with a view to the advantage of the obligee. Lord Campbell, in delivering judgment in the house of Lords, said it would do to make the liability depend on the *motive* of concealment; it was enough that the plaintiffs knew facts material for the surety to know and did not disclose them; the motive might have been kindness to the agent; the effect would be the same; the fact that he was in arrear, and had been guilty of fraudulent conduct, and was a defaulter, were facts material for the surety to know. In a later case (*Hamilton* vs. *Watson*, 12 Cl. & F. 109), Lord Campbell, in delivering the judgment of the House of Lords, said that it would put an end to the Scotch practice of giving security for cash loans, if it was necessary for the creditor to disclose every thing material for the surety to know; and laid down this as the criterion whether the disclosure should be voluntarily made by the creditor; "whether there is anything that might not naturally be expected to take place in the transactions, *i. e.*, whether there be a contract between the debtor and creditor, to the effect that his position shall be different from that which the surety might naturally expect," but that if there be nothing of this sort, then the surety, if he would protect himself, must inquire.

In *North Brit. Ins. Co.* vs. *Lloyd*, 10 Exch. 523, B, who was surety for a loan upon stock for A, applied to the plaintiffs, before the loan became due, to be released on procuring other surety, and plaintiffs consented. A applied to the defendant to become surety, and represented that his stock would otherwise be sacrificed, but did not communicate the fact that the former surety was

to be released. The defendant testified, that if he had known that, he would not have become surety, but, on cross-examination, admitted "that he relied on the solvency of Sir T. Branche," the principal. In the course of a desultory running argument between the court and counsel, the judges criticise the decision in *Railton* vs. *Matthews*, as going too far, and say that the point decided by Lords Campbell and Cottenham in that case was, in effect, that it was not necessary to render a concealment fraudulent, that it should be made with a view to the advantage of the person concealing. The court hold that the non-disclosure of the change of security would not vitiate the guaranty, unless fraudulently kept back, and that there was no ground in this case to impute fraud; that the former surety might well wish to be released for other reasons than doubt of Sir T. Branche's solvency.

In the *Franklin Bank* vs. *Cooper*, 36 Me. 179, the directors knew of the cashier's default, and took bond from him to account for all property *heretofore* intrusted to him, etc. *Held*, that the surety had a right to presume that the transaction was in the ordinary course of business; that the bank was bound to communicate facts increasing the risks, and which would have an important influence on the decision of the surety.

In the case of *Bank of the United States* vs. *Etting*, 11 Wheat. 59, the United States Supreme Court, being equally divided in opinion, the question was not decided.

We think that it is going too far to say that the creditor is, in all cases, and without being inquired of, bound to communicate everything that it is impossible for the surety to know, and that would increase his risk. Under such a rule no one would ever know when he could rely on a bond, and it would lead to a good deal of litigation. We think the safe rule is that, to avoid the bond, there must be, on the part of the creditor, a fraudulent concealment or withholding of something material for the surety to know. Would the fact which the defendant offered to prove, if proved, have amounted to a fraudulent concealment or withholding? It is not alleged here that the directors withheld any information inquired for, or said or did anything which could have a tendency to mislead the surety, or made any, the least effort to induce the defendant to become surety. If there had been an actual default, and an attempt by the directors to cover it up, or reimburse themselves at the expense of the surety, the case would be different.

Moreover, the cases which we have referred to are cases in which the information withheld or not disclosed related in some way to the business which was the subject of the suretyship. In this case, the undisclosed information related, not to the business which was the subject of the suretyship, and not to the conduct of the cashier, as cashier, but to his general character. It did not follow that because he gambled he would fail in his duty as cashier, and the exceptions do not show that his actual delinquency had any connection with his gambling. The directors may have deemed it advisable to demand an increase of his bond because of his gambling; and so they might have deemed if they had learned he was keeping a fast horse, or speculating in the stocks. But would it have been their duty, unless inquired of, to impart their knowledge to the sureties? We think not, in the absence of a more confidential relation than that which is implied in the mere giving and accepting of the surety-bond. If, when there is no such confidential relation, the sureties wish to have the obligees affected with a duty to give such information, they should inquire for it. Otherwise, it may be supposed that they are content with what they themselves know, or with inquiries which they have made elsewhere."

In *Owen* vs. *Homan*, 8 Mac. & G. 378, the creditor or obligee was held to be bound to make a full, fair and honest communication to the surety of all circumstances connected with the transaction to which the suretyship is to be applied, which are calculated to influence the discretion of the surety in entering into the required obligation. See that case on

appeal, 4 H. L. Cas. 997. Matters unconnected with the transaction of the suretyship need not be disclosed to the surety unless he inquire concerning them. *Wythes* vs. *Labenchere*, 3 DeG. & J. 593.

Mere negligence of a bank in detecting dishonest practices of a cashier will not discharge his sureties. There must be such negligence as in law amounts to a fraud on the sureties to accomplish that result. The distinction between mere *negligence* and *fraud* on the part of obligees as to the liability of sureties was clearly stated in *United States* vs. *Kirkpatrick*, 9 Wheat. 720. That was an action on an official bond taken by the Government. The defense was neglect on the part of the collecting officer of the Government to sue within the time prescribed by law. The court, Story, J., delivering the opinion, said: "It is admitted that mere laches, unaccompanied with fraud, forms no discharge of a contract of this nature between private individuals; such is the clear result of the authorities." The same distinction was applied to cashier's bonds in *State Bank* vs. *Chetwood*, 3 Halst. 1, and in *Taylor* vs. *Bank of Kentucky*, 2 J. J. Marsh 565; *Morris Canal Co.* vs. *Van Voorst*, 1 Zabr. 100.

So, in *Minor* vs. *Bank of Alexandria*, 1 Pet. 61, it was held that a usage of the board of directors to permit the cashier to misapply the funds of the bank would not exonerate his sureties. Story, J., who delivered the opinion of the court, said: "The question then comes to this, whether any act or vote of the board of directors, in violation of their own duties and in fraud of the rights and interests of the stockholders of the bank, could amount to a justification of the cashier, who was a *particeps criminis*. We are of opinion that it could not. However broad and general the powers of the direction may be for the government and management of the concerns of the bank, by the general language of the charter and by-laws, those powers are not unlimited, but must receive a rational exposition. It cannot be pretended that the board could, by a vote, authorize the cashier to plunder the funds of the bank, or to cheat the stockholders of their interest therein. No vote could authorize the directors to divide among themselves the capital stock, or justify the officers of the bank in an avowed embezzlement of its funds. The cases put are strong, but they demonstrate the principle only in a more forcible manner. Every act of fraud, every known departure from duty by the board in connivance with the cashier, for the plain purpose of sacrificing the interests of the stockholders, though less responsible in morals or less pernicious in its effects than the cases supposed, would still be an excess of power, from its illegality, and, as such, void as an authority to protect the cashier in his wrongful compliance. Now, the very form of these pleas sets up the wrong, and connivance cannot for a moment be admitted as

an excuse for the misapplication of the funds of the bank by the cashier." The same rule was held in *Amherst Bank* vs. *Root*, 2 Metc. 522; *Taylor* vs. *Bank of Kentucky*, 2 J. J. Marsh 565, and in *Sparks* vs. *Farmer's Bank*, 9 Am. Law Reg. 365. So in *Atlantic and Pacific Telegraph Co.* vs. *Barnes*, 64 N. Y. 385; S. C., 21 Am. Rep. 621, in an action upon a bond given by an employee to his employer conditioned that the former would faithfully account for all moneys and property coming to his hands, it was held that the sureties were not discharged from subsequent liability by an omission of the employer to notify them of a default by the employee which was known to the employer and a continuance of the employment after such default, where it did not appear that such default arose through the fraud or dishonesty of the employee. The court expressed the opinion that had the default arisen through the dishonesty of the servant, a withholding of the fact from the sureties and the continuance of him in the service would have discharged the sureties.

This was held in *Phillips* vs. *Foxall*, L. R., 7 Q. B. 666, where on a continuing guaranty of the honesty of a servant it was held if the master discovered that the servant has been guilty of dishonesty in the course of the service, and instead of dismissing the servant he chooses to continue him in his employ without the knowledge and consent of the sureties, he cannot afterward have recourse to the surety to make good any loss arising from the dishonesty of the servant during the subsequent service. The same principle was held in *Sanderson* vs. *Aston*, L. R., 8 Exch. 73, and in *Burgess* vs. *Eve*, L. R., 13 Eq. 450.

In *Black* vs. *Ottoman Bank*, 15 Moore's P. C. 472; S. C., 8 Jur. (N. S.) 801, the surety on the bond of a bank cashier was held not to be discharged by a failure of the bank to use diligence in guarding against the cashier's dishonesty—that mere negligence would not absolve the surety; and in *Dawson* vs. *Lawes*, Kay 280; S. C., 23 L. J. Chan. 434, it was held that to discharge a surety for the due performance of duties, there must be on the part of the obligee an act of connivance or gross negligence, amounting to willful shutting of the eyes to fraud or something approximating it. There must be something amounting to fraud to enable a surety to say that he is released from his contract on account of misrepresentation or concealments. *Pledge* vs. *Buss*, Johns. (Eng.) 663.

A concealment by a creditor that at the time of the contract the principal debtor was already indebted to the creditor in a considerable sum, of which fact the surety was ignorant, has been held evidence to go to the jury of such fraud on the surety as would discharge him. *Lee* vs. *Jones*, 14 C. B. (N. S.) 386. See, also, *Hamilton* vs. *Watson*, 12 C. & F. 258; *Smith* vs. *Bank of Scotland*, 1 Dow. 272; *Padcock* vs.

Bishop, 3 B. & C. 605; *Peel* vs. *Tatlock*, 1 Bos. & P. 419; *Squire* vs. *Whitten*, 1 H. L. Cas. 333; and the same rule would apply to sureties on cashiers' bonds as to concealments by the bank.

In *Lee* vs. *Jones*, *supra*, affd. on appeal, 17 C. B. (N. S.) 482, P had been employed by the plaintiffs in the sale of coal for them on commission, for which he at the end of each month gave them his acceptance, and by the terms of his agreement, he was to hand over to them within six days all moneys he received from customers. P having fallen in arrear to the extent of £1,272, the plaintiffs required him to find security to the amount of £300, and at his request the defendant consented to guarantee £100. The agreement of guaranty recited the terms of dealing between the plaintiffs and P; but the fact that P was already indebted to the plaintiffs in the large sum above mentioned was concealed from the sureties. In an action against the defendant upon the agreement, he pleaded that he was induced to make it by the fraudulent concealment by the plaintiffs of a material fact: *Held*, that the non-communication by the plaintiffs to the defendant of the fact that P was at the time indebted to them was evidence for the jury in support of the plea.

Farmington vs. *Stanley*, 60 Me. 472, cited in the principal case, held that the failure of selectmen to examine the accounts of a town treasurer as by statute directed, or to detect an error in his accounts, would not discharge a surety on his bond. This decision was put upon the ground that the select men were only agents of the town with limited powers; that they had no authority directly to discharge the sureties on the treasurer's bond and could not therefore do it indirectly.

In the *Board of Supervisors* vs. *Otis*, 62 N. Y. 88, it was held that neither the negligence nor malfeasance of a board of supervisors in their transactions with a county treasurer would discharge the sureties on the bond of such treasurer.

A cashier's bond (and the bonds of other bank officers are governed by the same rules) covers all duties annexed to the office from time to time, either by law or by the directors, and the sureties are liable for any default in such duties. *Minor* vs. *Bank of Alexandria*, 1 Pet. 46; *Morris Canal Co.* vs. *Van Vorst*, 1 Zabr. 100.

The failure of a cashier to be sworn when that is required does not vitiate his bond but is rather a breach of it. *State Bank* vs. *Chetwood*, 3 Halst. 1. But it is no forfeiture of a bond conditioned for the faithful service of a cashier that a loss has occurred by mere accident or mistake. *Morris Canal Co.* vs. *Van Vorst*, 1 Zabr. 100. So it is a breach of a cashier's bond for him to change, without authority, the securities of the bank. *Barrington* vs. *Bank of Washington*, 14 Serg. & R. 405. It is a violation of duty for a cashier to allow an over-

draft. *Bank of St. Mary* vs. *Colder*, 3 Strobh. (S. C.) 403; or to certify a check without funds; or that a deposit has been made when in fact none has been made, or to change without authority the securities of the bank. *Barrington* vs. *Bank of Washington*, 14 Serg. & R. (Penn.) 405; to omit some duty required of him by law, as to make a report to the Comptroller of the Currency, whereby the bank has been subjected to a fine or otherwise injured. *Bank of Washington* vs. *Barrington*, 2 Penn. 27. To violate any valid by-law the corporation may prescribe. *Bank of Carlisle* vs. *Hopkins*, 1 Min. (Ky.) 245. And in each case the sureties to the cashier's bond are liable.

BOOK NOTICES.

Money. By FRANCIS A. WALKER, Professor of Political Economy and History in the Sheffield Scientific School of Yale College, &c. New York: Henry Holt & Co. 1878. 8vo. pp. xv and 515.

This is a trite and threadbare subject, and upon it no man of learning and experience, like Professor Walker, would venture to write unless he was strongly persuaded that something remains to be said about it to the community to which he addresses himself. The present volume is a reproduction of lectures delivered in the spring of 1877 in the Johns Hopkins University of Baltimore, and is without question worthy to rank among the really valuable additions to Economic Science.

It has been somewhat criticised because of its non-partisan character, but this is really its highest excellence. We have had a surfeit of extreme views and extravagant statements on all branches of political economy, and notably on money. What is chiefly wanted in such a country as ours, and especially what is wanted by young men, is a full and impartial statement of facts, and after them, of the opinions which competent and learned men have predicated upon them, and of the principles which are fairly to be deduced from these facts. Such deductions may or may not be generally assented to, and where there are two parties in respect of them each should be fairly treated.

There is not any important fact bearing on the history or science of money which Professor Walker seems to have overlooked. The volume is unusually rich in historical material, so classified as to impress the memory as well as to be of easy reference—qualities of the highest excellence in a scientific treatise.

Maurice Block, in his monthly notice of new books, in the April number of the *Journal des Economistes*, says of the author "that he has read *enormously*," and this from a man of Block's great and various learning testifies to a very unusual measure of erudition. We do not remember to have seen any treatise on money so rich in quotations from old and new authors. It will be valuable to the learned reader as a book of ready reference to the various authorities on the subject.

His still recent treatise on the difficult question of *Wages* has already placed Professor Walker in the front rank of American economists. It is marked by the same characteristics as all of the author's writings which we have perused, independence and originality, combined with a high measure of the judicial quality. Of its force of argument, it is enough to say that it has made converts among English economists, whose opinions on the wages question were long ago considered settled.

In adverting to the judicial quality of the present book on *Money*, we are reminded that Professor Walker (like his contemporary, Léon Say), is the son of an eminent economist, and might by inheritance and education be expected to be a warm partisan. He assisted his father, the late Amasa Walker—whose writings have often enriched these pages—in the preparation of his *Science of Wealth*, published more than twenty years ago; and if we mistake not, he was also his assistant and successor as a lecturer on Political Economy in Amherst College. Amasa Walker was in his time one of the soundest thinkers and clearest writers on the currency question in America, and both in Congress and in the Legislature of Massachusetts he approved himself a wise and prudent law-maker on financial questions. He was one of the best specimens of the modern Puritan which New England has produced. He believed nothing by halves, and whether the question at issue was free trade, paper money or slavery, he was always armed for defence or attack, and used his weapons in a way not easily forgotten by his antagonists. Underlying this rough earnestness and even, as it sometimes seemed, asperity of temper, there was such a genuine love of truth and justice, such a stern integrity, and such a hatred of shams as endeared him to those who enjoyed his confidence and friendship, and made him everywhere respected. It is not improbable that the son's unusual dispassionateness in the treatment of controverted questions is the natural reaction from the example under which he was educated.

Professor Walker begins his treatise by rejecting the word "Currency" as a synonym of money. "After carrying that word around for twelve years," he says, "I have, in the present work, rid myself of the incubus, and have experienced somewhat the same feeling of relief as did the Ancient Mariner when the dead body of the albatross dropped from his neck and disappeared into the sea." The objection to the word "Currency" has been the difficulty of defining it and limiting its applications; thus Amasa Walker, contrary to the opinion of Lord Overstone and of most writers of authority, always insisted that bank deposits were currency, overlooking the obvious distinction between deposits and money—that the former possess only a qualified, while the latter enjoys the absolute, power of final payment. Professor Walker differs from his father on this question and holds, what seems to us, the true doctrine. "In a word, deposits, like every other form of credit, save the use of money; they do not perform the functions of money." But in default of the convenient, if somewhat loose word, "currency," he is obliged to enlarge the definition of "money" so as to make it include not only coinage of the precious metals, but also bank notes, and government notes, whether convertible or not. "We say that money is any commodity which attains such a measure of popular acceptability that men habitually receive it for what they have to sell, knowing that it will in due time, that is at any time, command in exchange what they wish to buy."

The subject of *Money* is treated by Professor Walker under three principal

heads: Metallic Money, Inconvertible Paper Money and Convertible Paper Money.

We shall not attempt in this brief notice to analyze what is said under either of those heads, but content ourselves with noticing the author's treatment of a few controverted questions. Among them is the quantity of money necessary for a given country. If we may venture to reduce our own opinion on this question to a formula, we should say that inasmuch as the two principal functions of money are the exchanging function and the measuring or valuing function, the quantity which any country requires is so much as will accomplish its exchanges without restraint or friction, and which will impart to the commodities, measured or valued by it, such prices as will enable them to be exchanged, in the markets of the world, on as favorable terms as similar commodities of other countries.

In reference to the popular notion that the need for money can be measured arbitrarily either by population, production or accumulated wealth, we find this passage, following quotations from John Stuart Mill:

"In the above paragraphs Mr. Mill shows very clearly the fallacy of the popular notions which have crept into many a treatise not without merit, that the volume of money is in some way to be compared with the volume of accumulated wealth, or with the volume of annual production, or with the numbers of the population. The use of money we have seen arises out of trade. Hence, it is the amount of trade, and not of production, which must determine price, the volume of money being fixed. But production and trade have no necessary or constant relation to each other. A community may have large production and little trade, or it may have great trade with relatively small production. If, as is conceivable, the entire product were to be consumed by the identical producers no exchange at all would take place, and no use of money whatever would be required."

But something more than the amount of trade needs to be considered, in determining the quantity of money necessary to carry it on. No two countries are alike in this respect, and different sections of the same country are subject to very dissimilar conditions.

Professor Walker thus concludes a lengthened discussion of the subject:

"From this long review we see that the amount of money which any country should possess, or, to put it otherwise, will possess under the free operation of the laws of distribution, depends not alone upon the amount of its trade, the number and frequency of payments to be made, but also upon the habits of the people, commercial and even domestic; upon the degree in which credit exists between man and man, and between city and city; upon the efficiency of the laws for the collection of debts; upon the amount of traveling which takes place (for the traveler, notwithstanding the letter of credit, uses more money for a given expedition than the stay-at-home); upon the state of the roads; upon the celerity and certainty of the postal and telegraph services, and the degree in which express companies are permitted to impose upon the public; and upon the commercial and banking organizations which exist."

We find a chapter devoted to the "Importance of the Money Supply." This question is immediately involved in the current discussions of the standards, and economists have long been divided about it. Speaking broadly, the advo-

cates of hard money have been disposed to deprecate an increase of money, and the advocates of paper money to demand an enlargement of the currency both in metal and paper. Economists, however, of high rank are not wanting, who insist on the advantages not only of the best money, but of an increased abundance of it. Professor de Laveleye, of Belgium, is of that class. It seems to us that it is impossible to deny that coincidently with every rapid development of the mines and the absorption of their product into coinage, there has been a movement in the direction of more active industry, greater production and a higher civilization. Take the case of India, for example, between 1855 and 1863. Mr. Lees, in his *Drain of Silver to the East and Currency of India* (London, 1864), says:

"That the condition of the people has been vastly improved by the late sudden and great addition to India's capital, there can be no doubt whatever; and we have the clearest and most satisfactory proof of it, and of the rapid progress of the country in material prosperity, and in the steady and enormous increase in the revenues of the Empire within the last few years."

The excess of imports of treasures over exports for the ten years ending April, 1857, amounted to nearly forty-six millions sterling, and as a result of this great increase of the circulation the revenues of India increased from thirty-six millions sterling in 1858 to forty-five millions in 1862.

To the surprise of most of his fellow economists, Professor Walker throws the weight of his opinion on the side of tbe double standard. It is noteworthy that another highly esteemed economist of New England, Mr. Joseph Ropes, of Boston, has recently taken the same position.

A popular argument among the gold party is that the cost of production settles the relative value of gold and silver. Mr. Wells in his essay on the Silver Question thus expresses it. "The amount of labor expended in producing either metal in future must, as in the past, regulate the value of each."

This proposition is very wide of the truth, as Professor Walker shows by pertinent quotations from Jevons, Mill, and Rogers, who are among the highest modern authorities on the subject in England. The error lies in applying to the nearly imperishable commodities, gold and silver, of which the annual production bears a very small proportion to the preëxisting stock, the laws which measurably influence, but do not govern, perishable commodities, of which the annual production constitutes a large proportion of the entire stock. But even in case of the latter, the cost of production does not govern or determine price, though a low price may discourage production, until a reduced supply quickens demand and again stimulates production.

Professor Jevons says: "Labor once spent has no influence on the future value of any article. This principle, which is of great consequence in respect to any commodity which is brought to market, is of exceptional importance in respect to the metals, especially silver and gold, and in a preëminent degree to the latter, because of the fact, so often made use of, that the amount of any year's production must always bear a very small proportion to the total stock."

Mr. Mill also says: "Alterations, therefore, in the cost of production of the precious metals do not act upon the value of money, except just in proportion as they increase or diminish its quantity, which cannot be said of any other commodity."

Professor Jevons again says: "That the fixedness of ratio does not depend upon the amount or cost of production is proved by the very slight effect of the Australian and Californian gold discoveries."

And, finally, Professor Rogers says, "the price of gold must be relative to the aggregate of all demands for it, *corrected by the cost of producing it.*"

We regret that we have not space even to notice the contents of the concluding portions of this interesting volume, which relate to Inconvertible and Convertible Paper Money. A superficial view of what is said of the capacity even of *imaginary* money to measure values might give comfort to the soft, money party, but taken together and rightly considered, Prof. Walker's latest contribution to economical science does not change his position as an advocate of a strongly fortified circulation according to the old canons.

National Bank Cases, containing all Decisions of both the Federal and State Courts relating to National Banks, with Notes and References. By ISAAC GRANT THOMPSON. 1878. Albany: John D. Parsons, Jr.

In discussing, some months ago, the question of bank tax relief, we ventured to suggest some reasons why the preparation of a work containing the legal decisions and enactments of the various States, relative to bank taxation, would probably be of great use to our six thousand banking institutions and to their officers throughout the United States. A part of the programme we laid down has been completed with ability and care in the volume before us. This work is, however, both more extensive in its scope and less comprehensive in its objects than that which we proposed. For, on the one hand, it limits its purview to the National banks, but, on the other hand, it takes up many other subjects besides taxation. In the United States there is an aggregate of more than four thousand State banks, private bankers and Savings banks, while the National banks do not much exceed two thousand in number. The subject of bank taxation is just now attracting so much attention that a book comprehensive enough to deal with the whole subject could scarcely fail to command a large sale, if prepared by a competent hand. The author of the work before us might render it more popular and more extensively useful if he would add to it some of those details to which we have referred. In its present form, the book consists of nearly a thousand pages, of which the last fifty pages contain an elaborate, complete and carefully prepared index, which is absolutely necessary to make the work practically useful. This will be seen from the fact, that the body of the volume is made up of reports of nearly five hundred important cases, which are supplemented by interesting memoranda of thirty-seven cases that are not fully reported. All these cases are analyzed in the index, and the references, so far as we have observed, are completed with much fidelity and judgment. As to the general design and execution of the book, the author offers the following statement in his preface: "I have endeavored to present in this volume a complete collection of all the cases relating to National banks. I have carefully gone over the volumes of reports, both Federal and State, published since 1864—when the National Banking Act was passed, examining each case. I have in addition examined the various legal periodicals published since that date; and from these sources I have gathered every adjudication found pertaining to National banks. I have also added some cases not heretofore published in any form. The cases that have

been superseded by a change in the statute laws, or have been overruled by the higher courts, I have reported briefly in the memoranda at the end of the volume. Of the wisdom of the National Banking Act this volume affords the most convincing proof. Projected without precedent or experience—prescribing a financial system for a great commercial people at the gloomiest period of its financial history—superseding the peculiar schemes of the several States and trenching upon what, from use, they had come to consider their special prerogative, it was yet drafted with such judgment and skill that the experience of fourteen years has shown but few particulars in which it could be improved by the 'amending hand,' while its terms are so clear and explicit that there has scarcely been a difference among the courts as to its interpretation."

As is here indicated the author has devoted much industry to his work which contains important cases from legal periodicals and other sources. If he could have added a comprehensive statement of the usury laws of the various states with a tabular summary of them, and a sketch of the various adjudications in the United States Supreme Court and in the State courts on usury, the value of the book would have been greatly enhanced. A brief summary would also have been useful of the decisions relative to such practical topics as the liability of National banks for special deposits and their powers under the law to take mortgages and other security for debts and loans to their dealers. Even without this supplementary matter, which, however, may perhaps be supplied hereafter, Mr. Thompson's book is of much practical utility, and is likely to find a place on the desk and in the library of all National bank officers who desire to cultivate an intelligently broad view of the daily duties of their arduous profession.

Economic Monographs. Numbers V, VII and IX. 1878. New York: G. P. Putnam's Sons.

These three little books are a fair sample of the literature published and put in circulation by the New York Free Trade Club. The first is entitled *Our Revenue System and the Civil Service; Shall They be Reformed?* The first edition of this pamphlet was issued in 1871; the present edition is the seventh, and the author, Mr. Abraham Earle, has revised and enlarged it, while Professor W. G. Sumner has prefixed a brief introduction. Among the original and striking observations which abound in this pamphlet, is the statement that trades unions and strikes among working men are identical in principle with the mischievous forms of high tariff legislation which the writer abhors. Both seek, he says, to accomplish their purpose by obstructing the natural laws of trade and by violating the sacred rights of individuals.

The second pamphlet on our list is Mr. Simon Sterne's lecture on *Suffrage in Cities*. This lecture was delivered as one of a popular course of lectures in the Cooper Institute in this city in December, 1877.

The third pamphlet is entitled *France and the United States*, and discusses their present commercial relations with reference to a treaty of reciprocity. The publication of this pamphlet is intended to facilitate the work of Monsieur Chotteau, and promote the objects of his visit to this country. Five brief papers are contained in this pamphlet; the first on *Commercial Diplomacy*, by Parke Godwin, and the others on similar topics by M. Menier, Leon Chotteau and J. S. Moore. At the close is a brief

address to the citizens of the United States, urging the preparation of a treaty of commerce between France and the United States, and the organization of a committee to act with the committee at Paris for the carrying out of this beneficent project. This appeal is signed by twenty-four members of the committee, and includes the names of M. Courcelle-Seneuil, E. De Girardin, Edouard Laboulaye, Gustave de Molinari, Oscar De Lafayette, and other well-known statesmen and men of business in France.

Cotton from Seed to Loom. By WILLIAM B. DANA. New York: William B. Dana & Co. 1878.

From the accurate habits, statistical experience and extensive knowledge of the author of this book it might fairly be expected to be useful to merchants, manufacturers and other persons interested in cotton. This expectation has been fully realized, but the book possesses qualities which will make it welcome to certain other classes of persons besides those who consult it for business uses. It contains practical, exhaustive and well-arranged details concerning the history of the cotton supply from its earliest beginnings in this country and in India. No other book ever published, we believe, presents so complete and intelligible an account of what the public as well as the producer, the consumer and the dealer, may require to know about the production of cotton in Europe and America, and the causes which are operating in the various markets at home and abroad to increase or contract the available demand. Mr. Dana gives in his fifth and sixth chapters, a comprehensive and graphic sketch of the planting, cultivation, picking and marketing of cotton, throughout the working year, from January to June, and from July to December. From the importance which the cotton crop has always had in the list of our exportable products, it is strange that it has never occurred to any of the numerous writers on cotton to offer to the public in a cheap, compendious form, the valuable information which is comprised in the volume before us. Perhaps, however, the difficulty has been less in the want of desire to produce such a book than in the lack of the rare combination of practical knowledge, statistical skill and editorial ability, which were needful to make such a work trustworthy, artistic and practically useful to so many different classes of readers. One of the chief popular features of the book is the map of India which it contains. It has been our duty at various times to examine with care some of the best maps of the Indian peninsula, and we have no hesitation in giving the preference for ordinary purposes, to the beautiful, clear and well-executed map contained in this book. Mr. Dana's object in preparing it is explained as follows: "The point of chief interest in this discussion is the present production of cotton in India, about which so much confusion exists, because so little is generally known as to the exact sources of supply. In truth, it seems to be quite difficult to acquire exact information on this subject. The official India documents have of late years contained more details; but outside of them, though very much has been written, little that is of use to the cotton consumer is to be found. We know, for instance, that the India outports receive so much cotton each year; but where it comes from—that is, what districts produce it, whether those that the next year are visited with drought and famine and no crops, or those that have abundant rain,—are points familiar to a few, but about which the cotton public in general have very

indefinite ideas. For our own satisfaction and to supply this need, which we felt existed, we have had constructed the map found in the front of this book. There are numberless maps of India, and we have consulted a great many, but have been able to obtain none which lays down more than a few of the cotton districts, and even those very imperfectly. Undoubtedly, defects will be found in our map, but we think it will be of more practical use to the cotton consumer than any heretofore published. It is the result of information brought together in very many ways. As a basis we have taken the *Map of Routes in India*, published by Edward Stanford, of London, copying the boundaries there indicated of the three great presidencies and the completed and contemplated railroads, as that map gives them. Our next step was to insert the central provinces and the Berars, as described and carefully laid down by H. Rivett-Carnac in his report above referred to. The rest of the information has been collected from so many sources as to make their mention impracticable."

The Turko-Russian war, the discussions on the silver question, and other causes have directed so much attention to British India, that the publication of this new map is very timely. As there is little doubt that a second edition of this book on cotton will soon be demanded, we would suggest to the author that the work would receive no small accession of value if, to the particulars respecting American and Indian cotton crops, he would add equally full information respecting the cotton product of Egypt. It has been supposed that the Egyptian cotton, which is of superior quality, might cause a formidable competition with American cotton in the European markets. The facts illustrating the opposing theories on this part of the cotton question might with advantage be added to those contained in Mr. Dana's admirable volume.

Sayler's American Form Book, for every State and Territory. By J. R. SAYLER, Counsellor at Law. Cincinnati: Robert Clark & Co. 1878.

This is a collection of the most improved legal forms and instruments for the use of professional and business men, embracing deeds, mortgages, leases, bonds, wills, contracts, bills of exchange, promissory notes, checks, bills of sale, receipts, and other legal instruments, prepared in accordance with the laws of the several States; with instructions for drawing and executing the same. In compiling it, Mr. Sayler has provided a Form Book which is both comprehensive and clear, and which, from the reputation of its author, may be safely accepted as reliable. A brief definition of the nature of the legal instruments above mentioned, and of a number of minor ones, is given under the head of each respectively. There are few business men, and certainly very few bankers, who would fail to appreciate the usefulness of such a book of reference. Any one who has had occasion to search among State statutes for details such as are here grouped together, can understand the labor involved and value its effective results.

SWISS RAILWAY BANK.—Negotiations are being carried on between French and Swiss bankers for the institution of a Swiss Railway Bank. The object of this undertaking seems solely to be that of giving credit in a new form to the Swiss railways, which are deep in financial difficulties.

INQUIRIES OF CORRESPONDENTS.

Addressed to the Editor of the Banker's Magazine.

I. Inter-State Contracts and Usury Laws.

How do you understand that loans made in New York, secured by mortgage upon property in New Jersey, will be affected by the reduction of legal rate of interest in that State to six per cent?

Reply.—The New Jersey six-per-cent. interest law, which takes effect on July 4, 1878, will not affect bonds and mortgages held by parties in New York against New Jersey property, where the papers were delivered and the money advanced in New York, notwithstanding that the papers were acknowledged and recorded in New Jersey.

In *Varick* vs. *Crane*, (3 Green's Chauncey Rep., p. 128,) it is held that under such circumstances the *law of New York* controls.

II. Bills of Lading as Security for Advances.

A, a grain dealer in the country, ships to B, a commission merchant in New York, a car load of wheat and makes a sight draft on him for the proceeds of the same, to which is attached the bill of lading; the grain being consigned direct to B, and the bill of lading so made out. Cannot B obtain the grain, even though he does not pay the draft and receive the bill of lading, inasmuch as it is consigned directly to him? Can B reasonably object to A's shipping the grain to his own order, and attaching the bill of lading properly endorsed to his draft, thereby securing its payment before surrendering his title to the grain?

Reply.—If the bill of lading runs to B as consignee, the railway company will, ordinarily, be justified in delivering the goods to B, unless notified not to do so. For this reason and because B may be irresponsible, a shipment to order is the only manner in which bills of lading can be safely used as security for advances.

But the fact that the bill of lading bears B's name as consignee, does not affect the legal rights of an indorsee of the draft with bill of lading attached. That indorsee may prevent the delivery of the goods to B (if in season) or may recover the goods or their value from him, if he refuses to pay or accept the draft, to which the bill of lading is attached.

But as B may be insolvent and get possession of the goods and sell them before the draft is presented, the bill of lading should be to the order, either of the party advancing money, or of the shipper and by him endorsed, in which cases no race of diligence is necessary.

Whether B ought to object to A's shipping the grain to his own order would depend upon their business relations. By so doing A merely indicates that he is unwilling so sell goods to B on credit, or to deliver them to him until B has accepted a draft for their price.

In an ordinary case of dealing between strangers, there can be no reasonable ground of complaint. Disputes quite as frequently arise when A is indebted to B, and B, getting possession of the goods, wishes to pass their proceeds to A's credit in general account, and is met by the indorsee of a draft with bill of lading attached.

III. The Purchase of Notes by National Banks.

What means the Minnesota Case, *First National Bank of Rochester*, vs. *Pierson*, reported in your December 1877 number?

In order to employ our capital, we often go to note brokers in New York and Boston and purchase notes or acceptances. Are we, in doing this, going beyond our rights or privileges as a National bank, and has the maker, acceptor or indorser, any good defense against payment, because the paper thus came into our possession?

Reply.—The meaning of the Minnesota decision, as we read it, is, that a National bank has no power to acquire title to a promissory note, unless the transaction, by which the note is obtained, amounts in substance and effect to a loan of money, on the security of the note, from the bank to the person from whom it gets the note. In other words, if the transaction is a mere purchase *from*, and not a loan *to*, the person from whom the bank gets the note, it is *ultra vires* and the bank cannot maintain an action thereon.

For example, A, a merchant, sells goods to B and takes B's note. He indorses the note and gets his bank to discount it. Or he indorses the note and puts it in the hands of C, a note broker, as his agent, for the purpose of getting the note discounted, and C not being the owner of it, and without indorsing it, procures its discount by a bank. In either case the bank has made a loan to A from whom it gets the note, and the transaction is a valid discounting. But if C, the note broker, having the necessary capital, himself discounts the note, expecting to dispose of it to some of his customers, and does in fact sell it to a bank without indorsing it, this, according to the decision, is not a valid discounting.

The effect of the decision is, that an action on the note cannot be maintained in the name of the bank, or of any one tracing his title through the bank. But the note is not rendered void, and there is no defense, if the suit be brought in the name of the seller to the banker or of some prior holder.

This case, so far as we know, is the only one in which the question has been decided, and if the rule laid down is correct, it is very important that it should be generally understood.

We suppose the practice of buying notes, in the manner described by our correspondent, has gone on ever since the passage of the Bank Act, without a doubt as to its legality; and the title of the banks to many millions of outstanding paper at the present time, doubtless, depends upon its validity under the law. The question is certainly a nice one, and will not be definitely settled until it reaches the Supreme Court at Washington. In the meantime we trust the Minnesota decision will not be followed by the Courts of other States.

It is professedly based upon a prior decision of the same Court upon a State statute, having provisions similar to those of the Bank Act, which decision the Court say is binding upon them. We think it is wrong, because it gives a construction to the words of the Bank Act, which is at once too narrow, and uncalled for by any reason of public policy. The Act gives to National banks "all such incidental powers as shall be necessary to carry on the business of banking by discounting . . . promissory notes, &c., &c.

What is meant by "discounting"?

The best definition of the word discount which we have seen, is in McCulloch's Commercial Dictionary, where it is said to be "an allowance paid

on account of the immediate advance of a sum of money not due till some future period." And we think the verb to discount, as the word is understood among bankers and commercial men generally, means to *advance* money upon commercial paper due at a future period, first deducting therefrom this allowance.

The transaction which the Minnesota Court says is invalid, was a discounting within the proper meaning of the word. It was really an advance of money to the holder upon the credit of the note; and its real character is not changed by calling it a purchase or sale thereof.

It is true the definitions of the word discount involve the idea of a loan; but we have found no definition, except this decision, which necessarily requires the party discounting to secure the liability of the party to whom the advance is made; and this transaction, though not a loan as between the bank and the person called the seller of the note, was a loan as between the bank and the persons liable on the note. It was an advance of money upon the faith of their promises, contained in the note, to repay it. And those promises, in legal effect, were made to the bank, because they were made to whoever should be the holder of the note.

In other words, it was "a loan by way of discount," which phrase has a well understood meaning. We think the decision uncalled for by any reason of public policy. The National banks own the bulk of the banking capital of this country, and experience has proved it to be for the interest of borrowers and banks, that the latter should be allowed to carry on the business of discounting as they have done heretofore, and that any such restriction as that involved in the Minnesota decision is unwise and unnecessary.

NOTE.—The pages of the BANKER'S MAGAZINE are not often disfigured by typographical errors, but these will occasionally elude the closest vigilance. In our last number the reply to an inquiry as to the use of bank funds for charitable objects, was marred by the insertion of a letter which converted "inure" into "injure," while the omission of "will" turned "good will" into good which was anything but good. The entire sense of the paragraph was thus so changed as to destroy its meaning.

UNITED STATES SUPREME COURT.

NATIONAL BANK.—*Indebtedness to, for more than one-tenth of capital, recoverable.*—Defendant became indebted to plaintiff, a National bank, to an amount exceeding one-tenth of the capital stock of such bank. *Held*, that the provision of the National Banking Law (§ 27,) forbidding the liabilities of any one person, firm or corporation to a National bank to exceed one-tenth of the capital stock paid in of such bank, did not operate to avoid the contract of indebtedness incurred by defendant, and plaintiff was entitled to recover the amount due. *Harris* vs. *Runnels*, 12 How. 791; *O'Hare* vs. *Second National Bank of Titusville*, 77 Penn. St. 96; *Pangburn* vs. *Westlake*, 36 Iowa 546; *Vining* vs. *Bucker*, 14 Ohio St. 331. Judgment of Supreme Court of Colorado affirmed. *Union Gold Mining Co., plaintiff in error*, vs. *Rocky Mountain National Bank.* Opinion by Hunt, J.

BANKING AND FINANCIAL ITEMS.

Notice.—The SECOND EDITION of the BANKER'S ALMANAC AND REGISTER for 1878, will be issued early in July. Information of any recent changes is solicited from Banks and Bankers.

Orders for advertising *Cards* will be received until June 25th. Copies of the new volume forwarded to any address for Three Dollars.

The "Cashier's Supplement," comprising all the Bank Lists, fully revised, will be issued at the same time, and forwarded without charge to all Subscribers to the First Edition. I. S. HOMANS, PUBLISHER.

THE RATES OF ISSUE OF GOVERNMENT LOANS.—The Secretary of the Treasury sent to the Senate, on April 25, in response to its resolution of January 15, a statement of the issue of loans and Treasury notes since March 4, 1861, to June 30, 1877, inclusive. This statement shows that the seven-thirty bonds of 1861, amounting to twenty millions, were sold at 3.25 premium; the 1881s of 1861, from 85 to 127; the loan of 1863, at an average premium of 4.13; the ten-forties of 1864 from par to seven per cent. premium, and all others at par. The total principal is given at $6,320,226,904, and the premium $54,112,195. The re-issues amount to $2,478,819,196.

THE HON. JOHN J. KNOX, Comptroller of the Currency, left New York on May 25th for a short trip to Europe. Mr. Knox has well earned a season of recreation, but he proposes to utilize his present visit by further study of some of the foreign banking systems. He will be absent about two months.

STORING SILVER.—A vault for storing silver is now being constructed in the Sub-Treasury, in this city. The vault will be forty-seven feet in length, twenty-four in breadth, and twelve feet high, and will hold $40,000,000 in silver when it is finished. The cost of the iron and steel work employed in its construction will be about $20,000, including the doors and their levers. The floor of the vault will be made of iron and steel two inches thick, and under this floor will be four feet of concrete. An elevator will be used to move the silver received and taken out.

THE NEW YORK STOCK EXCHANGE on May 13th held its annual election of officers. An unusual degree of interest and excitement prevailed, the opposition to some of the candidates being very strong on this occasion. The following were elected:—

President, Brayton Ives. *Chairman*, James Mitchell. *Vice-Chairman*, William H. McClure. *Secretary*, B. O. White. *Treasurer*, D. C. Hays. *Trustee of Gratuity Fund*, R. B. Hartshorne.

Governing Committee: For four years—Henry Meigs, J. J. Higginson, S. J. Harriot, J. W. Kilbreth, A. Wolff, Jr., T. B. Atkins, Theodore S. Ferry, Howard Lapsley, A. B. Baylis, C. S. Day. For two years—A. M. Cahoone, Donald Mackay, H. H. Hollister, D. B. Van Emburgh, A. M. Kidder. For one year—E. T. Bogert.

REDUCTIONS OF CAPITAL.—The Fourth National Bank of New York has further reduced its capital $250,000, making the present capital $3,500,000. The North River Bank has reduced its capital $160,000, to $240,000.

The Bank of Commerce of Baltimore has determined to reduce its capital from $324,000 to $270,000, by cancelling 2,700 shares of stock of the par value of $54,000, which are now held by the bank. The reduction saves the bank from taxation, whilst it does not diminish its resources.

NEW YORK.—The Attorney-General issued, on April 24th, an injunction against the Teutonia Savings Bank, requiring the officers of the bank to stop business and show cause why a receiver should not be appointed to take charge of its affairs. This action was based upon the report of the bank examiners, in which appeared a deficit of $ 148,000. This deficiency arose from investment of funds in town bonds of uncertain value on which the interest has been in default for several years. The amount due depositors is $ 879,876, a decline of $ 300,000 since January 1. Mr. James D. Fish, President of the Marine Bank of this city, has been appointed receiver.

CALLS OF BONDS.—The Secretary of the Treasury has issued, during the past month, three calls of five-twenty bonds, each for five million dollars. The descriptions are as follows, all numbers being inclusive:

Fifty-sixth call, May 1. Matures August 1.

Coupon Bonds.—$ 50, Nos. 50,001 to 53,000. $ 100, Nos. 85.001 to 90,000. $ 500, Nos. 60,001 to 63,000. $ 1,000, Nos. 108.001 to 114,400. Total, $ 3,000,000.

Registered Bonds.—$ 50, Nos. 1,751 to 1,900. $100, Nos. 14,100 to 15,200. $ 500, Nos. 8,701 to 9,200. $ 1,000, Nos. 28,751 to 30,100. $ 5,000, Nos. 8,051 to 8,300. $ 10,000, Nos. 14,851 to 15,507. Total registered $ 2,000,000. Aggregate, $ 5,000,000.

Fifty-seventh call, May 6. Matures August 6.

Coupon Bonds.—Dated July 1, 1865. $ 50, Nos. 53,001 to 56,000; $ 100, Nos. 90,001 to 95,000; $ 500, Nos. 63,001 to 66,000; $ 1,000, Nos. 114,401 to 120,900. Total, $ 3,000,000.

Registered Bonds.—$ 50, Nos. 1,901 to 1,950; $ 100, Nos. 15,201 to 15,700; $ 500, Nos. 9,201 to 9,350; $ 1,000, Nos. 30,101 to 30,900; $ 5,000, Nos. 8,301 to 8,450; $ 10,000, Nos. 15,508 to 15,780. Total, $ 2,000,000. Aggregate, $ 5,000,000,

Fifty-eighth call, May 22. Matures August 22.

Coupon Bonds.—$ 50, Nos. 56,001 to 59,000; $ 100, Nos. 9,001 to 101,000; $ 500, Nos. 66,001 to 69,000; $ 1,000, Nos. 120,901 to 125,000. Total, $ 2,500,000.

Registered Bonds.—$ 50, Nos. 1,951 to 2,050; $ 100, Nos. 15,701 to 16,600; $ 500, Nos. 9,351 to 9,700; $ 1,000, Nos. 30,901 to 32,200; $ 5,000, Nos. 8,451 to 8,700; $ 10,000, Nos, 15,781 to 16,250. Total, $ 2,500,000. Aggregate, $ 5,000,000.

LIQUIDATING NATIONAL BANKS.—The Comptroller of the Currency has declared the following dividends during the month of May:

	Per centage.	*Total declared.*
Commercial National Bank of Kansas City, Mo., first dividend.	75	—
First National Bank of Kansas City, Mo., first dividend........	15	—
Northumberland Co. Nat. Bank of Shamokin, Pa., second div..	25	50
Commercial National Bank of Kansas City, Mo., second dividend	25	100
National Bank of Fishkill, N. Y, third dividend................	10	55
First National Bank of Delphi, Ind., third dividend............	10	60
First National Bank of Tarrytown, N. Y., first and second dividends, each	25	50
Nat. Exchange Bank of Minneapolis, Minn., second dividend...	15	65
Third National Bank of Chicago, Ill., third dividend...........	10	65

NEW AND DANGEROUS COUNTERFEITS of the $ 100 circulating notes of the Merchants' National Bank of New Bedford, Mass., the National Revere Bank of Boston, Mass., and the Second National Bank of Wilkes-Barre, Pa., have recently been placed in circulation. All genuine notes of this denomination issued by these banks will be immediately withdrawn and the Comptroller of the Currency recommends that all such issues be hereafter refused, and such notes forwarded to the Redemption Agency of the Treasury Department for redemption.

THE NEW YORK AGENCY of the Nevada Bank of San Francisco began business on May 20th, at No. 62 Wall Street. Mr. C. T. Christensen, formerly Cashier of the bank at San Francisco, is the agent, and Mr. Charles W. Church associate agent. The offices, which occupy the entire first floor, have been fitted up in good taste, one of them being a large reading room for the convenience of the patrons of the bank. The bank will not receive deposits, and its chief business will be the issuiug of commercial and travelers' credits, the drawing of foreign and domestic exchange, cable transfers, the purchase of gold and silver bullion, the collection of California accounts and interest on investments, and the payment of securities, etc., at maturity.

A MYSTERIOUS ROBBERY.—A case of unusual interest has been tried in the United States Circuit Court of Springfield, Illinois, and was decided on May 11th. It was brought by the Mount Vernon (Ill.) National Bank against the Adams Express Company to recover the sum of eight thousand dollars claimed to have been sent by the bank to the Third National Bank of St. Louis, and delivered by Jeremiah Taylor, assistant cashier of the bank, to the agent of the Adams Express company at Mount Vernon, but which, when received by the St. Louis bank, was found to contain only blank paper.

Plaintiff's counsel, at the opening of the case, made the following recital of the circumstances connected with the loss of the package of money:

On the 11th day of June, 1877, Major Noah Johnson, president of the Mt. Vernon bank, was notified by C. D. Ham, the cashier, that there was some money to be sent that day to the Third National Bank of St. Louis, the reserve agent of the Mount Vernon Bank, and asking him to wrap it up for him, Major Johnson was handed a package of money, tied up with coarse hemp twine, having upon the top and bottom of the bills heavy pieces of pasteboard. Mr. Johnson wrapped the package in a piece of brown paper, tying it with a cotton cord or twine across the end and around the middle of the bills. He then took a second wrapper and put around the package, having occasion to cut the second wrapper with his pocket-knife to adapt it to the size of the package. After he had put on the second wrapper he tied it with cotton twine, and, with the assistance of Mr. Taylor, sealed it with wax where the twine crossed, stamping the wax with a common round stamp used by the bank and handed it back to Mr. Ham, who addressed it to the Third National bank, made an entry of it in the express receipt book, wrapped the receipt book and the package in an old newspaper, handed it to Mr. Taylor, who took it to the express office, and after an absence of fifteen or twenty minutes returned with the book to the bank with the signature of Mr. Saunders, agent of the express company. Nothing further was heard of the package until the 13th of June, when, about noon, a dispatch was received from the cashier of the St. Louis bank, stating that the package contained only a lot of waste-paper cut in the shape of bank-bills. The cashier of the Mt. Vernon bank at once telegraphed to the St. Louis bank to notify the express company's agents and took the next train for St. Louis, arriving there on the morning of the 14th and was shown the package and wrappers. The outside and inside wrappers were recognized as the original wrappers furnished by Ham to Johnson, in which to wrap up the money. The twine used on the outside wrapper was also identified, but the twine around the money and the pasteboards were missing. The address upon the wrapper was in Ham's handwriting, and also on the inside bore the address of the treasury department at Washington to the Mt. Vernon bank, the paper and twine used by Mr. Johnson having come around a package of currency received from that department. The package was received by the St. Louis bank on the morning of the 12th, but not being accompanied by a letter of advice was laid aside and not opened until the letter reached them, and the Mount Vernon bank was at once notified. It was the custom of the latter bank to send a letter of advice by mail the same day packages of money were sent, when practicable, but the mail arrangements did not always admit of this, and on this occasion, the letter, although written, was not forwarded until the following day. It would be offered in evidence, counsel said, that the bank was in the habit of making remittances once or twice a month, that the package was, on this occasion, in the hands of the express

company twenty-four hours, that the wax used in sealing it was obtained from the agent of the express company at Mount Vernon, and that the package had not been out of sight of either of the officers of the bank until delivered to Mr. Taylor, wrapped in a paper with the book.

Col. M. Devore of Indianapolis, general attorney for the Express company, stated the case on the part of the defendant. His theory indicated that the materials for doing up the package had all been furnished Mr. Johnson by Ham, that there were similar materials about the bank, and that after the package had been put up by Johnson it was possible to have exchanged it in the bank for another previously prepared. The defence would show that the package was not in the possession of any one agent of the company long enough to make the change in the wrappers.

A number of witnesses were examined, chiefly parties connected with the banks and the express company, but no real light was thrown upon the profound mysteries of the case. The thief, whoever he is, has succeeded most dexterously in covering his tracks and throwing pursuers off his trail. The case was submitted to the jury, at three o'clock in the afternoon. At eight o'clock they returned a verdict for the defendant.

INDIANA.—James Baynes, Cashier of the Salem National Bank, disappeared about the end of April after squandering a private fortune and part of the bank's funds in Wall street speculations. The embezzlement, which amounted to $20,000, has been repaid by his bondsmen.

MASSACHUSETTS.—On May 8th the Massachusetts House of Representatives, by a vote of 128 to 42, refused to repeal the restrictive clause of the Savings Bank law. It passed a bill, however, allowing persons to set off their deposits against any mortgage the bank may have on their property.

MICHIGAN.—The State Savings Bank of Adrian has been bought by Messrs. E. I. Waldby and Frank W. Clay, who will continue the business under the firm name of Waldby & Clay. These gentlemen were stockholders, directors and officers of the First National Bank and State Savings Bank, and the business of these banks will be attended to by them, and depositors paid at their counter. Mr Waldby has been engaged successfully in banking for over twenty-five years, being, though still in the prime of life, one of the oldest bankers in Michigan. Mr. Clay has lived in Adrian nearly as long. They have the reputation, means and experience which result from success in the past and which promise it for the future.

Grand Rapids.—Mr. H. H. Dennis, of the late banking firm of Graff, Dennis & Co., has established a banking house at Grand Rapids, and will transact there a general exchange and collection business. His New York correspondent is the Third National Bank. Mr. Dennis has had some ten years' experience in the banking business at Grand Rapids, and is thoroughly familiar with the business interests of his vicinity.

U. S. SUPREME COURT ON "SHINPLASTER" CURRENCY.—No. 278. The *United States* vs. *Van Auken.* Certificate of division from the Circuit Court for the Western District of Michigan. Van Auken was indicted for violating the Act of July, 1872, prohibiting the circulation of any note, check or order of a less amount than one dollar, to be used as money, he having issued the promise of his corporation to pay fifty cents in goods upon presentation. The Court here find that as the promise was to pay goods it should not have been used as money, for it pledged the company to pay no money, only goods, and that the mention of fifty cents did not change the result, it was the same as if it had promised to pay so many goods or pounds of goods; so the indictment is held not good. Mr. Justice Swayne delivered the opinion.

ATTEMPTED ROBBERY.—An attempt was made by burglars, on the night of May 17th, to open the First National Bank at Jamesburg, N. J., by cutting a hole in the stone wall on the side where the vault is situated; but after reaching the iron lining of the vault, they abandoned the effort. Some years ago a trial was made on the same bank which resulted in the capture of Edwards, the notorious bank robber.

OHIO.—Matthew Weaver, cashier of the Citizens' National Bank of Urbana, was discovered in April to be a defaulter to the amount of $46,700. The fact was kept quiet until the amount was made up by assessing the stockholders, and the capital of the bank was fully restored. Weaver appropriated over $75,000 of the bank's money, but the directors recovered $29,000. Speculation in grain in Chicago is said to be the cause of the defalcation. Mr. W. W. Wilson was elected to fill the Cashiership, and the business of the bank was uninterrupted.

Tiffin.—After the robbery of the National Exchange Bank at Tiffin, by Zeller, its late cashier, it was reported that the bank had closed temporarily in consequence. This was incorrect, as the bank did not suspend at all.

Wooster.—The Wayne County National Bank was announced in April as closing up its business. It appears, however, that this is not the case, but that it continues its regular transactions as usual for many years past. The bank is owned by Mr. E. Quinby, Jr., a very successful banker, who, whenever he may wish to wind up the institution, is able to do so with abundant capital over and above all its liabilities.

CANADA.—The following dividends have been declared by banks for the current half year:

	Per centage.		*Total per cent.*
Ontario Bank	3	..	7
Bank of Toronto	4	..	8
Consolidated Bank of Canada	3	..	6½
Bank of Hamilton	4	..	8
Quebec Bank	3½	..	—

Bank of Montreal.—The statement of the Bank of Montreal for the year ending April 30 has been issued. The following is the result:

Balance of profit and loss April 30, 1877, $199,081; net profits for the year, $1,430,903; total, $1,629,984; dividend at twelve per cent. for the year, $1,439,808; balance of profit and loss, $190,177.

$8,900 were taken from the rest to pay the dividend. The statement, in view of existing business depression, is a good one.

CAUTION TO BANKERS.—The use of blue or violet ink in filling up checks is condemned by chemists as very unsafe, in view of the risks of fraudulent alteration. An article on the chemistry of writing inks, in the present number, distinctly points out this danger. Messrs. Thaddeus Davids & Co., the largest manufacturers of writing inks in this country, also state that "blue ink and aniline inks are not suitable for business purposes—they are fugitive—soap and water, or any alkali, will remove them. You could almost as safely use a lead pencil,"

Messrs. Campbell, Hall & Co., of the National Safety Paper Co., add their warning likewise: "Never use blue or fancy colored writing inks. They are fugitive and but little better than a lead pencil. In filling out checks or any valuable document always write with a heavy hand, using writing fluid or black ink made from nut galls."

The business of check raising has begun again, and it is important for bank officials to be on the alert. Recently a check upon Hatch & Foote, bankers, was raised from $34 to $4,400, and the alteration was so cleverly executed as to deceive several bank officers, but the fraud was discovered in time to save loss. This check was written in *blue* ink.

NEW BOOKS FOR BANKERS.

NOTICE.—*Morse on the Law of Banks and Bankers*, and *Daniel on the Law of Negotiable Instruments*, are now out of print. New editions are in preparation, and will be duly announced when ready.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from May No., page 912.)

State.	*Place and Capital.*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
COL....	Leadville......	Miners' Exchange Bank....	George Opdyke & Co.
		J. H. B. McFerran, *Pr.*	George W. Trimble, *Cas.*
"	.. Ouray.........	Miners & Merchants' Bank.	....
D. C ...	Washington....	Central Nat'l Bank...(2382)	Gallatin National Bank.
	$90,410	Samuel Norment, *Pr.*.	John A. Ruff, *Cas.*
IDAHO..	Terminus U.N. & R.R....	Fred. J. Kiesel & Co.	Donnell, Lawson & Co.
IND	Bristol.........	Edmund R. Kerstetter.....	H. E. Hicks & Co.
"	.. Columbus......	Joseph I. Irwin	Kayne, Spring & Dale.
IOWA ...	Hamburg......	Stow & Hammond........	Chemical National Bank.
"	.. Toledo........	Toledo City Bank.........	Chatham National Bank.
		N. H. Wilder, *Pr.*	P. G. Wieting, *Cas.*
MICH...	Adrian	Waldby & Clay...........	Fourth National Bank.
"	.. Muir	Webber, Just & Co........	Ninth National Bank.
MINN...	Janesville......	Whipple & Hill...........	First National Bank.
"	.. Marshall	Bank of Marshall..........	Gilman, Son & Co.
MO.....	St. Joseph.....	Schuster, Hax & Co.......	Bank of North America.
N. Y....	Fairport.......	Chadwick & Becker.......	Chemical National Bank.
"	.. Rochester......	Commercial Nat'l Bk (2383)	American Exchange Nat'l Bank.
	$200,000	H. F. Atkinson, *Pr.*	H. F. Huntington, *Cas.*
PENN...	Annville.......	Annville National Bank....	Nat. Bank of Republic, Phila.
	$50,000	John H. Kinports, *Pr.*	George W. Stine, *Cas.*
S. C....	Rock Hill......	J. M. Ivy & Co...........	Williams, Black & Co.
TENN ..	Palmetto	Montgomery Brothers	Eakin, Adams & Co.
TEXAS ..	Victoria	Eugene Sibley & Co.......	S. M. Swenson, Son & Co.
VA	Charlottesville .	Brennan & Co............	Importers & Traders' Nat'l Bk.
WIS	Whitehall......	Trempealeau Co. Bank....	....
ONT	Elora	Newman Brothers & Co...	Bank of New York N. B. A.

THE PREMIUM ON GOLD AT NEW YORK.

APRIL—MAY, 1878.

1877.	*Lowest.*	*Highest.*	1878.	*Lowest.*	*Highest.*	1878.	*Lowest.*	*Highest.*
May	6¼	7⅜	April 25	½	½	May 10	½	½
June........	4¾	6⅜	26	⅜	½	11	½	½
July	5⅛	6⅛	27	⅜	⅜	13	½	⅝
August	3⅞	5½	29	⅜	⅜	14	⅝	¾
September ..	2⅞	4	30	⅜	⅜	15	¾	⅞
October.....	2½	3⅜	May 1	⅜	⅜	16	¾	⅞
November...	2½	3⅜	2	⅜	⅜	17	¾	¾
December...	2½	3⅜	3	⅜	⅜	18	¾	⅞
1878.			4	⅜	⅜	20	¾	⅞
January.....	1¼	2⅞	6	⅜	½	21	¾	⅞
February	1⅝	2⅜	7	½	½	22	¾	¾
March	¾	2	8	½	½	23	¾	⅞
April	⅛	1¼	9	½	½	24	⅞	1

CHANGES OF PRESIDENT AND CASHIER.

(*Monthly List, continued from May No., page* 832.)

	Name of Bank.	*Elected.*	*In place of*
COLO...	People's B'k, Colorado Springs.	A. V. Hunter, *Cas*.......	G. W. Trimble.
" ..	First National Bank, Lake City	C. B. Greenough, *Pr*....	H. A. McIntyre.
CONN...	First National Bank, Suffield ..	A. Spencer, Jr., *Cas*.....	H. C. Young.
GA.....	Atlanta National Bank, Atlanta	Paul Romare, *Cas*......	W. H. Tuller.
ILL.....	Dixon National Bank, Dixon.	Jason C. Ayres, *Pr*......	J. A. Hawley.
		James A. Hawley, *Cas*...	F. A. Truman.
" ..	Farmers' National Bank, Pekin.	B. R. Hieronymus, *Cas*..	A. B. Hoblit.
IND	St. Joseph Valley Bank,	W. H. Knickerbocker, *C.*	E. R. Kerstetter.
	Elkhart	Patrick Henry, *A. C*....	....
IOWA...	First National Bank,	J. B. Fidlar, *Cas*........	L. G. Gage.
	Davenport	Chas. F. Meyer, *A. C*....	....
" ..	First National B'k, Iowa City..	D. W. C. Clapp, *Pr*. ...	P. A. Dey.
KY.....	Louisville City N. B., Louisville	Charles Warren, *Cas*....	R. S. Moxley.
MAINE..	Thomaston N. B., Thomaston.	Frank H. Jordan, *Cas*...	A. O. Robinson.
MD.....	Central National Bank,	Henry Williams, *Cas*....	P. Engelbrecht.
	Frederick	William H. Miller, *A. C.*	H. Williams.
MASS...	Mt. Vernon Nat. B'k, Boston..	H. W. Perkins, *Cas*......	*Not* Jr.
" .	Merrimack Nat. B'k, Haverhill.	Charles W. Chase, *Pr*...	E. J. M. Hale.
" ..	Mercantile National B'k, Salem.	Charles Harrington, *Pr*..	A. Perkins.
MICH...	Second National Bank,	Orrin Bump, *Cas*........	M. M. Andrews.
	Bay City	M. M. Andrews, *A.C*..	W. H. Knickerbocker.
MO.....	Union Sav. Asso., St. Louis....	William A. McMurray, *Pr*.	T. S. Rutherford.
" ..	Hamilton Sav. B'k, Hamilton..	George S. Lamson, *Cas*..	E. L. House.
" ..	Farmers & Traders B'k, Macon.	John Shepherd, *Cas*.....	S. E. Waggoner.
N. H...	New Market N. B., New Market	Joseph C. Burley, *Pr*....	W. B. Small.
N. Y....	National Bank of Schuylerville.	J. H. De Ridder, *Cas*....	G. F. Watson.
" ..	First National Bank,	Myndert D. Mercer, *Pr*..	T. Fatzinger.
	Waterloo	James B. Crocker, *Cas*...	M. D. Mercer.
N. C....	First National Bank, Salem....	Edward Belo, *Pr*........	I. G. Lash.
OHIO...	First Nat. Bank, East Liverpool	N. G. Macrum, *Cas*......	F. D. Kitchel.
" ..	Second Nat. Bank, Jefferson...	S. A. Northway, *Pr*.....	A. Kellogg.*
" ..	First National Bank, Middleport	Samuel Bradbury, *Pr*....	R. R. Hudson.
PENN...	Commercial Nat. B'k, Phila....	Edwin P. Graham, *Cas*..	S. C. Palmer.*
" ..	First National Bank, Butler....	W. H. H. Riddle, *Pr*....	C. McCandless.
" ..	First National Bank,	J. C. Sturtevant, *Pr*.....	J. Wormald.
	Conneautville	F. R. Nichols, *Cas*......	J. C. Sturtevant.
" ..	Harmony Nat. B'k, Harmony..	Edward Mellon, *Pr*......	W. H. H. Riddle.
WIS....	First National Bank, Sparta...	E. H. Canfield, *Cas*.....	F. C. Allen.
ONT....	Canadian B. of Com., London.	B. E. Walker, *Mgr*......	R. W. Smylie.
" ..	Canad. B'k of Com., Windsor..	—— Thomas, *Mgr*......	B. E. Walker.

* Deceased.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(*Authorized to May* 22, 1878.)

No.	*Name and Place.*	*President and Cashier.*	*Capital.* *Authorized.*	*Capital.* *Paid.*
2383	Commercial National Bank...	H. F. Atkinson...........	$200,000	
	Rochester, N. Y.	H. F. Huntington..		$200,000
2384	Annville National Bank......	John H. Kinports........	50,000	
	Annville, PENN.	George W. Stine		——

DISSOLVED OR DISCONTINUED.

(Monthly List, continued from May No., page 913.)

N. Y. CITY. Dry Dock Savings Bank; demands sixty days' notice.

CAL.... Dime Savings B'k, *Sacramento;* suspended. A sham. Never incorporated.

ILL..... People's Bank, *Belleville;* assigned to Joseph Penn.
 " .. Lewis W. Beck, *Englewood;* bankrupt. No successor.
 " .. First National Bank, *Streator;* voluntary liquidation.

IND..... Plymouth Bank, *Plymouth;* in liquidation.

MAINE.. Androscoggin Savings B'k, *Lewiston;* deposits scaled down twenty per cent.

MASS... North End Savings Bank, *Boston;* to pay fifteen per cent. in six months and fifteen more in next six months.
 " .. Union Savings Bank, *Fall River;* applies the stay law.
 " .. Foxboro Savings Bank, *Foxboro;* to pay ten per cent. in six months and ten more in next six months.
 " .. Bass River Savings Bank, *South Yarmouth;* applies the stay law.
 " .. Bristol County Savings Bank, *Taunton;* to pay fifteen per cent. in six months and fifteen more in next six months.

MICH... D. F. Comstock, *Cadillac;* sold out.
 " .. First National Bank, *Jackson;* out of business.

N. Y... G. W. Gifford & Co., *Mayville;* assigned.

OHIO... Commercial Bkg. Co., *Alliance;* sold business and building to First Nat. B'k.
 " . First National Bank, *Middleport;* in liquidation.
 " . J. W. Kinney & Co., *Portsmouth;* dissolved. Mrs. Elizabeth Kinney retires.
 " .. Wayne County National Bank, *Wooster;* report of closing is contradicted.

PENN... Macungie Savings Bank, *Allentown;* assigned.
 " .. Citizens' Savings Bank, *East Brady;* assigned.
 " .. Edenburg Bank, *Edenburg;* suspended.
 " .. Union National Bank, *Lewisburg;* suspended.
 " .. Newtown Banking Co., *Newtown;* suspended.
 " .. Joseph Brown, *Wilkes-Barre;* assigned.

R. I.... Jackson Institution for Savings, *Providence;* demands notice of withdrawal.
 " .. Mechanics' Savings Bank, *Providence;* demands notice of withdrawal.
 " .. Union Savings Bank, *Providence;* demands notice of withdrawal.
 " .. Pascoag Savings Bank, *Pascoag;* temporarily enjoined.
 " .. Citizens' Savings Bank, *Woonsocket;* temporarily enjoined.

ONT.... Branch Canadian Bank of Commerce, *Cayuga;* withdrawn.

SUPREME COURT OF MINNESOTA.

BANK OFFICERS AND DIRECTORS.—*Ultra vires: Limitation of authority.* Under general authority to the president and cashier of a bank, giving them entire control of all financial matters of the bank, unrestricted by any by-laws or rules of the board of directors or stockholders, they have no power to use the property of the bank in the private business, or for the individual benefit of one of themselves. Under such general authority they cannot bind the bank by any contract to which they, or either of them, are parties. W, a director of the bank owed it a note of $1000, and held $1000 of its stock. T, the president, made an agreement with him, to purchase the stock for himself, and to carry out this agreement the president received the stock from W, handed it to the cashier, instructing him to hold it in place of W's note, and to surrender the note to W., saying that he, the president, would pay the amount to the bank. The cashier received the stock, stamped the note paid, and surrendered it to W. *Held*, that the bank, there being no ratification of the transaction, was not bound by it, and that it did not discharge W's liability to the bank upon the note. *Rhodes, assignee*, vs. *Webb* (N. W. Rep).

RECENT CHANGES OF TITLE, ETC.

(*Monthly List, continued from May No., page* 912.)

N. Y. CITY. Eakin, Adams & Co.; Henry E. Eakin withdraws.
" . Gilman, Son & Co.; removed to 62 Cedar Street.
" . H. Kennedy & Co.; now H. Kennedy.
" . D. P. Morgan & Co.; now Davis, Johnson & Co. D. P. Morgan, special partner.
" . Morse, Kimball & Co.; now two firms—H. J. Morse and R. J. Kimball & Co.
" . Morton, Bliss & Co.; removed to 25 Nassau Street.
" . Charles Unger & Co.; F. Schunemann retires.
" . Vernam & Hoy; now two firms—Robert T. Hoy and Albert H. Vernam.
" . Whittemore & Co.; new firm—same style.
" . Winslow, Lanier & Co.; removed to 26 Nassau Street. Admit Edwin D. Adams, of Boston, and Daniel B. Safford, of New York. John S. Sauzade retires.

IND..... Samuel B. Romaine, *Bristol;* deceased. Edmund R. Kerstetter, administrator.
" .. Winchester Bank, *Winchester;* now Farmers & Merchants' Bank.

IOWA... Silverman, Cook & Co., *Muscatine;* now Cook, Musser & Co.

MASS.... Richardson, Hill & Co., *Boston;* Edwin D. Adams withdraws, joining Winslow, Lanier & Co., of New York.

MICH... State Savings Bank, *Adrian;* succeeded by Waldby & Clay.
" .. State Bank, *Bay City;* consolidated with Second National Bank.
" .. Rollo, De Puy & Co., *Cheboygan;* now Rollo & Hitchcock.
" .. First National Bank, *Muir;* now Webber, Just & Co.

MINN... Owen & Dibble, *Kasson;* removed to Marshall, as Bank of Marshall.

MO..... Colhoun Savings Bank, *St. Joseph;* succeeded by Schuster, Hax & Co.

N. Y... Commercial B'k, *Rochester;* now Commercial National B'k. Same officers.

PENN... Savings & Deposit Bank, *Annville;* now Annville Nat. Bank. Same officers.

TEXAS.. Mitchell, Glover & Co., *San Marcos;* now Mitchell & Glover.

THE STOCK OF SILVER IN GERMANY.—In the Financial Committee of the German Reichstag, some information was given on the present condition of the currency reform. At the end of March, the whole amount of old coins withdrawn was 1,061 million marks, of which ninety-one million marks were in gold, and 970 million marks in silver. The German government estimates that it will still have to sell an amount of five million pounds of silver, or 400 million marks, [$95,200,000] which are supposed to be still in circulation. The total of new money coined up to the present is 425.5 million marks [$101,269,000] in silver, and 1,579.7 million marks [$375,968,600] gold. There is, therefore, a greater amount of new currency than there ever was of old; although we must not forget that besides the German, there were formerly a great many foreign coins in circulation, including Dutch, French and Austrian. When the new silver pieces were coined, a profit of forty-three million marks was made. On the other hand, sixty-two and a half million marks were lost on the sale of silver, amounting to about six million pounds weight—450 million marks. When profit and loss are compared there is still an absolute loss of about seventeen millions, and there are more losses still to be incurred when the five million pounds of silver are sold which the government have yet to dispose of. The report did not mention the fact that the losses incurred were entirely the fault of the government, which began selling silver too late. The reform will of course soon be achieved. We must mention that the amount of gold coins above referred to does not wholly exist at present, for at the beginning of the emission great quantities were exported and never returned to Germany.—*Letter from Vienna, April* 23, *to London Economist.*

PUBLIC DEBT OF THE UNITED STATES.

Recapitulation of the Official Statements—cents omitted.

	April 1, 1878.		May 1, 1878.
Debt Bearing Interest in Coin.			
Bonds at six per cent.	$738,620,200	...	$738,619,000
Bonds at five per cent.	703,266,650	...	703,266,650
Bonds at four and a-half per cent.	200,000,000	...	210,000,000
Bonds at four per cent.	79,850,000	...	83,850,000
	$1,721,736,850		$1,735,735,650
Debt Bearing Interest in Lawful Money.			
Navy pension fund at three per cent.	$14,000,000	...	$14,000,000
Debt on which Interest has Ceased.	$8,060,780	...	$6,831,850
Debt Bearing no Interest.			
Old demand and legal-tender notes	$347,911,054	...	346,743,358
Certificates of deposit	25,215,000	...	28,315,000
Fractional currency	16,950,115	...	16,805,414
Coin certificates	57,883,400	...	55,044,500
Total principal	$447,959,570	...	$446,908,273
Total debt	$2,191,757,200	...	$2,203,475,773
Interest	22,290,773	...	22,747,253
Total Debt, principal and interest	$2,214,047,973	...	$2,232,223,026
Cash in the Treasury.			
Coin	$138,357,608	...	$156 037,236
Currency	751,851	...	1,163,140
Currency held for redemption of fractional currency	10,000,000	...	10,000,000
Special deposit held for redemption of certificates of deposit, as provided by law	25,215,000	...	28,315,000
	$174,324,459	...	$195,515,377
Debt, less cash in the Treasury, April 1, 1878	$2,039,723,514	...	———
" " " May. 1, 1878	———	...	$2,036,707,648
Decrease of debt during the past month	$2,313,614	...	$3,015,865
Decrease of debt since June 30, 1877	20,434,708	...	23,450,574
Bonds issued to the Pacific Railway Companies, Interest Payable in Lawful Money.			
Principal outstanding	$64,623.512	...	$64.623.512
Interest accrued and not yet paid	969,352	...	1,292,470
Interest paid by the United States	37,896,334	...	37,896,334
Interest repaid by transportation of mails, &c.	9,159,143	...	9,162,852
Balance of interest paid by the U. S.	$28,737,190	...	$28,733,482

NOTES ON THE MONEY MARKET.

NEW YORK, MAY 24, 1878.

Exchange on London at sixty days' sight, 4.84½ *a* 4.85 *in gold.*

The money market offers few features of special interest. The rates are easier; call loans are two to three per cent. on governments, and three to four on miscellaneous collaterals. One of the principal topics in financial circles is the success of Mr. Sherman in closing up the fifty million loan of 4½ per cent. bonds contracted for April 11th, for resumption purposes. Forty millions of bonds have been sold in this country, and ten millions in Europe. The negotiation is now practically closed, except the details of final settlement. It is announced that propositions have been made to Mr. Sherman for the sale of fifty millions of four per cents. for funding purposes, with an option on 200 millions more. Whether the Secretary will deem it judicious to begin, for funding purposes, any new negotiation prior to the consummation of specie payments, has been doubted. From the high prices of all investment securities the purchasers of the new loan have been numerous among financial corporations, including the trust companies, the insurance corporations, the banks and bankers, the savings institutions, and the trustees of large estates. The success of the present negotiation gives a new proof of the advantages of the syndicate method of negotiating large government loans. It is said that Mr. Sherman is disappointed because the banks have not rendered him more efficient aid in his funding operations. There is no reason for any such disappointment, and no valid justification for hostile criticism of the banks. In 1861, at the outbreak of the war, the banks of New York, Boston and Philadelphia successfully negotiated the early war loans of the Government. But under the present sub-treasury system many difficulties will have to be surmounted before such negotiations can be safely carried on by our Clearing-House banks. Under the syndicate system of negotiating loans no such obstacles of an insurmountable character intervene, and as its machinery is more available its negotiations have been so far attended with uniform success. But there are other reasons

besides those connected with the sub-treasury which render it desirable that an elastic expedient like the syndicate system should be adopted. The banks of this country can invest through the syndicate and have done so, but the banks and capitalists of foreign countries can do the same. Hence, we avail ourselves of the plethora of idle capital abroad as well as of that in our money market at home. On the whole, then, it is not surprising that the popularity of Mr. Sherman's present method of negotiating bonds is increasing, and that the probability is, respecting government loans in the early future, that the United States, like other countries, will avail itself of this method of placing its bonds in the market here and abroad.

As the session of Congress approaches its end, the anxiety of the business community is increasing as to whether there is any probability of important legislation affecting the business movements of the country. There are two general directions to which inquiries on this subject naturally point,—taxation and the currency. Several important revenue measures are before Congress The most prominent is the Wood Tariff bill, the prospects of which are believed by its friends to be favorable, although their opinion is not quite so generally prevalent as it was some time ago. Of the Internal Revenue bills there are several before the House. The Income Tax bill is the most important, but it is not likely to find many friends in the House, or to improve its present poor prospects of becoming a law. Mr. Tucker's Tobacco bill was well intended, but it has not the slightest chance of passing, and it has injured the business of those sections of the country which it was designed to aid, so that it is scarcely more popular there than in Congress. Of the other Internal Revenue bills, nothing need be said, except that the interests of business do not seem to be much compromised by any action which the National Legislature is likely to take upon them during the present session.

With regard to the currency a somewhat similar state of things is believed to exist. The best opinion seems to be that, unless in one or two directions, nothing whatever will be done by Congress to disturb the currency before the summer recess. Of course, several measures popular at the South and in the West will continue to be agitated. Senator Ferry's measure to repeal the authority of the Secretary of the Treasury to dispose of U. S. bonds and redeem and cancel the greenback currency, is one of the schemes which appears the most likely of adoption. But it can scarcely be feared that it will be passed in any form likely to do harm by shaking confidence or disturbing public or private credit. Another bill which is earnestly pressed forward is that of Senator Butler, of South Carolina, to repeal the tax of ten per cent. on State bank notes. This bill is advocated by some of the most eminent and influential men in the Southern States. It is thought there that what the South wants for its rehabilitation is bank circulation issued by State institutions. There are not wanting indications which seem to show that in the Eastern and Northern States a revival of the Old State bank system would be welcomed by a number of National banks who cannot make a living profit under the National banking system, and who hope for better success if the system is changed. There are two arguments favorable to Senator Butler's bill, and influence in its favor a considerable body of powerful political forces. First, there is the belief that under the revival of the Old State bank system, the banking institutions could issue three or four dollars of currency to one of capital, so that they could loan money more freely

and at lower rates. Secondly, there is the temptation held out to those numerous banks all over the country who are making little or no profit under the present system, that they could do better and make larger dividends if the Butler scheme for repealing the ten-per-cent. tax on State bank circulation could become a law. There are many persons who regard this plan as dangerous, but if it be so, its dangers are at present remote and it is not expected to do more this session than excite discussion and agitate the public mind before it is finally rejected.

The agitation, however, of this measure is not wholly mischievous. It may, indeed, be productive of much good if it convinces the Greenback inflationists of two facts which have long been apparent to thoughtful and well informed men. In the first place the Government can not, in this or any other commercial country, supply the channels of currency with all the paper which will circulate; and secondly, if the system of uniform National bank circulation shall be destroyed, its place will be supplied with a multitude of State bank issues. How far this alternative is to be desired is a question we do not here discuss. Subjoined are our usual tables of the averages of the New York Clearing-House banks:

1878.	*Loans.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Deposits.*	*Excess of Reserve.*
April 27	$230,301,500	$32,585,100	$34,933,800	$20,021,800	$200,875,000	$17,300,150
May 4	229,936,400	30,051,900	36,435,300	19,998,300	199,074,000	16,718,700
" 11	232,030,700	27,469,500	38,612,000	20,033,100	201,038,000	15,822,000
" 18	233,122,600	23,030,200	41,020,100	20,012,300	199,686,100	14,128,775

The Clearing-House exhibit of the Boston banks for the past month is as below:

1878.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
April 27	$125,234,700	$5,716,800	$3,677,500	$69,830,500	$25,436,300
May 4	124,485,100	5,265,300	3,445,600	69,417,500	25,539,500
" 11	123,879,400	4,767,400	3,766,400	69,546,500	25,453,200
" 18	123,520,100	4,119,100	3,857,600	70,004,500	25,099,400

The Philadelphia bank statements for the same time are as follows:

1878.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
April 27	$58,101,043	$2,004,690	$11,700,672	$44,235,587	$11,132,336
May 4	58,125,807	2,082,583	11,531,781	44,154,801	11,123,083
" 11	57,741,784	2,082,914	11,574,516	43,987,692	11,125,930
" 18	57,480,896	2,000,725	11,679,304	44,139,418	11,109,920

Just at the close of our last monthly record, on April 24th, the sale of the Erie Railway took place under the decree of foreclosure procured by the Farmers' Loan and Trust Company, trustees of the second mortgage. The road was bought by Ex-Governor E. D. Morgan, J. Lowber Welch and David A. Wells for $6,000,000, in the interest of the Reconstruction Committee of the stock and bondholders.

The plan of reconstruction is in substance as follows: No reduction in the rate of interest on the first consolidated bonds; six coupons of these bonds to be funded and four to be paid in cash, up to March 1, 1880, and thereafter all coupons to be paid in cash as they shall become due. This plan of reörganization fully secures the new company against financial difficulties for some years to come. Much needed improvement can now be perfected, and the outlook for the road is certainly more hopeful.

The following table shows the latest quotations of stocks of the New York City banks, and the latest dividends declared:

	Capital.	Par Value.	Bid.	Asked.	Last Sale.	Last Dividend.	
American Exchange National	$5,000,000	100	99	99	98¾	Nov. '77	—
Bank of America	3,000,000	100	—	145	142	Jan. '78	—
Bank of New York N. B. A.	3,000,000	100	107	—	107⅛	Jan. '78	3½
Bank of North America	700,000	70	—	75	137	July '77	3
Brewers & Grocers'	150,000	100	—	—	—	—	—
Central National	2,000,000	100	—	—	96½	Jan. '78	3½
Chatham National	450,000	25	100½	—	100¼	Jan. '78	3
Chase National	300,000	—	—	—	—	—	—
Chemical National	300,000	100	—	—	—	Mar. '78	15
City National	1,000,000	100	200	—	205	Nov. '77	5
Continental National	1,250,000	100	75	—	75	Jan. '76	3
Corn Exchange National	1,000,000	100	125	—	120	Feb. '78	5
East River National	350,000	25	—	—	—	July '77	3
Eleventh Ward	100,000	25	—	—	—	July '76	3
Fifth Avenue	100,000	100	225	—	—	—	—
Fifth National	150,000	100	—	—	—	Oct. '77	2½
First National	500,000	100	276	—	—	Jan. '78	3
Fourth National	3,500,000	100	98	—	98	Jan. '78	3
Fulton N ıtional	600,000	30	145	—	—	Nov. '77	5
Gallatin National	1,500,000	50	110	—	—	April '78	3½
German American	750,000	100	—	—	80	Feb. '74	3
Germania	200,000	100	—	—	—	May '77	6
Greenwich	200,000	25	—	—	—	Nov. '77	4
Grocers'	300,000	40	—	75	65	Jan. '77	3
Hanover National	1,000,000	100	101	—	100	Jan. '78	3½
Importers & Traders' National	1,500,000	100	200	—	200	Jan. '78	7
Irving National	500,000	50	—	—	—	Jan. '78	4
Leather Manufacturers' National	600,000	100	145	—	—	Jan. '78	6
Manhattan	2,050,000	50	136	—	134	Feb. '78	4
Manufacturers & Merchants'	100,000	60	—	—	—	July '75	3½
Marine National	400,000	100	—	95	—	Jan. '76	5
Market National	1,000,000	100	—	—	—	Jan. '78	3½
Mechanics' National	2,000,000	25	130	—	130	Jan. '78	4
Mechanics & Traders' National	600,000	25	—	—	—	Nov. '77	3½
Mercantile National	1,000,000	100	92	—	—	Nov. '77	3
Merchants' National	3,000,000	50	109¾	—	109¾	Jan. '78	3½
Merchants' Exchange National	1,000,000	50	73	80	73	Jan. '78	3
Metropolitan National	3,000,000	100	115¼	116	115	Jan. '78	5
Nassau	1,000,000	100	—	—	—	Nov. '77	3
National Bank of Commerce	5,000,000	100	113¾	—	113½	Jan. '78	4
National Bank of the Republic	1,500,000	100	—	85½	84½	Feb. '78	3½
Nat'l Bank of State of New York	800,000	100	100	—	105⅛	Nov. '77	3½
National Broadway	1,000,000	25	—	—	—	Jan. '78	8
National Butchers & Drovers'	500,000	25	—	—	75	July '77	4
National Citizens'	600,000	25	—	—	—	Jan. '78	3
Nat'l Mechanics' Banking Asso.	500,000	50	50	—	50	May '77	2½
National Park	2,000,000	100	93	94	94	Jan. '78	3
National Shoe & Leather	1,000,000	100	—	—	114	Jan. '78	5
New York County National	200,000	100	—	—	—	Jan. '78	4
Ninth National	750,000	100	—	90	—	Jan. '77	3
North River	240,000	50	—	—	—	July '75	3½
N. Y. National Exchange	300,000	100	—	—	—	Feb. '78	4
Oriental	300,000	25	—	—	—	Jan. '78	5
Pacific	422,700	50	128½	—	—	Feb. '78	2½
People's	412,500	25	—	122	—	Jan. '78	5
Phenix National	1,000,000	20	80½	85	85	Jan. '78	3
Second National	300,000	100	—	—	—	Jan. '78	5
Seventh Ward National	300,000	100	—	—	—	Jan. '77	3
Sixth National	200,000	100	—	—	—	Jan. '78	3
St. Nicholas National	1,000,000	100	73	75	71	Aug. '77	2½
Third National	1,000,000	100	—	—	—	Jan. '78	3
Tradesmen's National	1,000,000	40	—	—	—	Jan. '78	4
Union National	1,200,000	50	140	150	140	Nov. '77	—

The stock market shows more excitement than for some time past. The success of the syndicate negotiation has given an impulse to Government bonds, which close firm at an advance. State bonds are dull and neglected. Railroad bonds are active and buoyant, especially those of roads of established business and reputation. The stock market shows that investors are absorbing the shares of Western trunk lines with more confidence.

The coal roads are also improving. Gold is rather higher and closes at 101. Foreign exchanges quiet. We append our usual quotations:

Quotations:	April 26.	May 3.	May 10.	May 17.	May 24.
Gold	100⅜	100⅜	100½	100¾	101
U. S. 5-20s, 1867 Coup.	107	106¾	106⅝	106¾	107½
U. S. 10-40s Coup.	105¾	105⅞	106	105¾	107½
West. Union Tel. Co.	80½	81	81⅛	82⅞	83⅛
N. Y. C. & Hudson R.	106	106½	106⅜	108⅝	108½
Lake Shore	62¼	62⅝	61¾	63⅛	63⅛
Chicago & Rock Island	105¾	71⅞	71⅞	109	109⅝
New Jersey Central	5⅝	7⅜	8½	9⅞	22⅞
Del. Lack. & West	52	52⅝	53⅜	55¾	55⅜
Delaware & Hudson	52⅜	53	54⅜	55⅝	55⅛
North Western	51¾	51⅜	51	51¼	52¼
Pacific Mail	20¼	20¾	19¾	19¾	19¼
Erie	11⅝	12	12¼	12⅜	12¾
Call Loans	4 @ 5	4 5	3 5	3 @ 5	3 @ 5
Discounts	5 @ 7	4½ @ 7	4 @ 7	4 @ 7	4 @ 7
Bills on London	4.87-4.89½	4.86½-4.89	4.85¾-4.88¼	4.86-4.88½	4.85-4.88
Treasury balances, cur.	$31,871,517	$32,169,441	$34,310,295	$35,731,043	$37,608,393
Do. do. gold.	$104,153,895	$103,305,213	$102,852,524	$104,060,020	$104,204,614

The Bank of England statement for the three months ending May 1, 1878, is as follows:

Date.	Circulation, excluding bank post bills.	Coin and Bullion.	Deposits.	Securities in banking department.	Reserve.
January, 23	£27,097,735	£24,714,734	£29,816,131	£35,461,946	£12,616,999
" 30	26,887,195	24,868,885	28,813,980	34,074,876	12,981,690
February 6	27,166,235	25,003,899	27,536,334	32,964,449	12,837,664
" 13	26,583,700	24,809,342	27,960,105	32,983,858	13,225,642
" 20	26,329,055	24,730,793	28,054,497	32,875,539	13,401,738
" 27	26,529,445	24,447,346	30,216,010	35,498,080	12,917,901
March.. 6	26,910,120	24,386,777	31,552,973	37,650,221	12,476,657
" 13	26,673,845	24,528,274	33,709,117	39,538,072	12,754,429
" 20	26,728,105	24,373,601	34,878,329	40,821,632	12,645,496
" 27	27,115,925	24,032,245	35,626,228	42,304,562	11,916,320
April.... 3	27,927,000	23,612,988	33,047,038	40,938,873	10,685,988
" 10	27,928,595	23,159,904	30,443,148	38,179,346	10,231,309
" 17	28,079,255	22,925,444	29,601,007	37,703,177	9,846,189
" 24	27,713,035	22,763,582	28,902,788	36,775,556	10,050,547
May..... 1	28,166,470	22,827,226	29,363,504	37,642,477	9,660,756

DEATHS.

At New York, on Wednesday, May 22d, aged sixty-eight years, Albert S. Fraser, formerly President of the Seventh Ward National Bank.

At Bucyrus, Ohio, on Wednesday, May 8th, aged seventy-four years, John A. Gormly, President of the First National Bank of Bucyrus.

At New Orleans, La., on Thursday, April 25th, aged sixty-eight years, Patrick Irwin, formerly President of the Hibernia Bank.

At Jefferson, Ohio, on Saturday, April 27th, aged sixty-six years, Abner Kellogg, President of the Second National Bank.